

# Asia Pacific Commercial Outlook

Key Driving Trends Shaping the Future of  
Commercial Engine Fleets & MRO

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Brian Kough

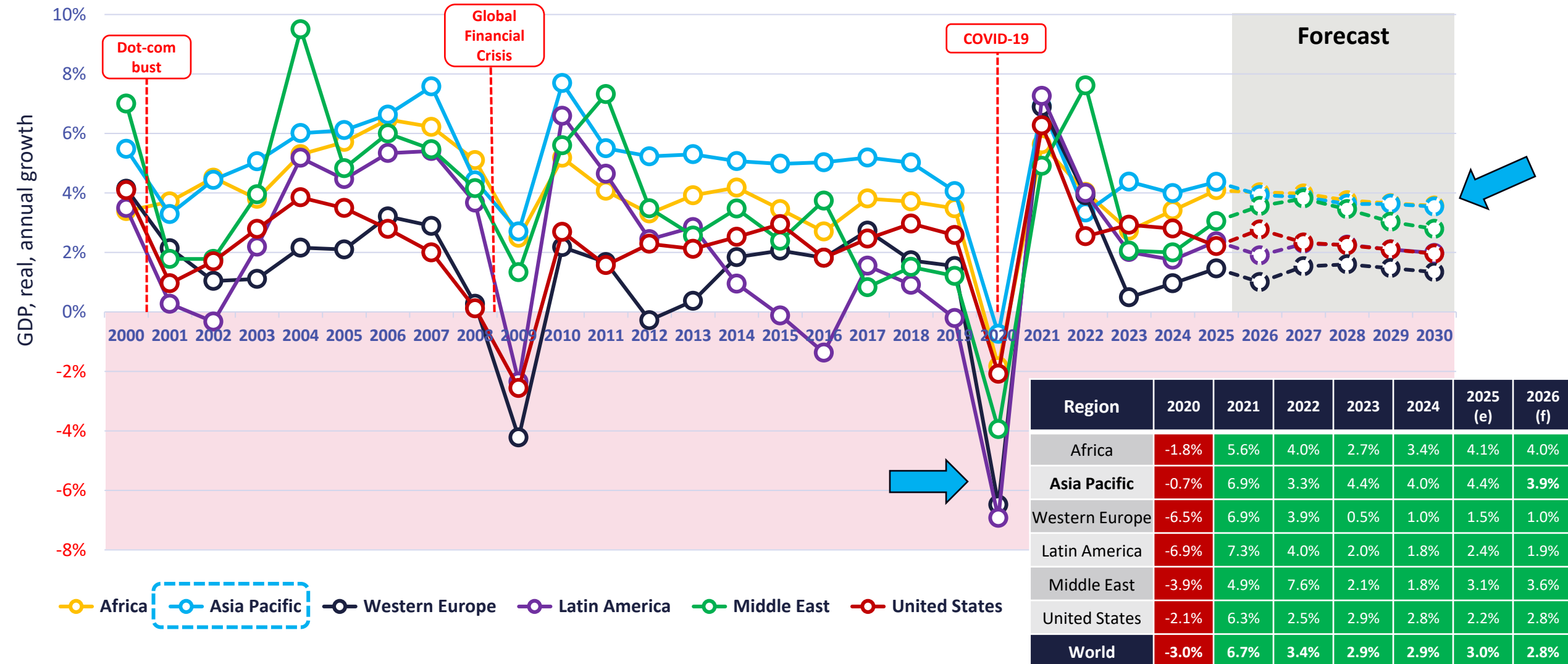
Senior Director, Forecasts & Aerospace Insights  
Aviation Week

**March 2026**

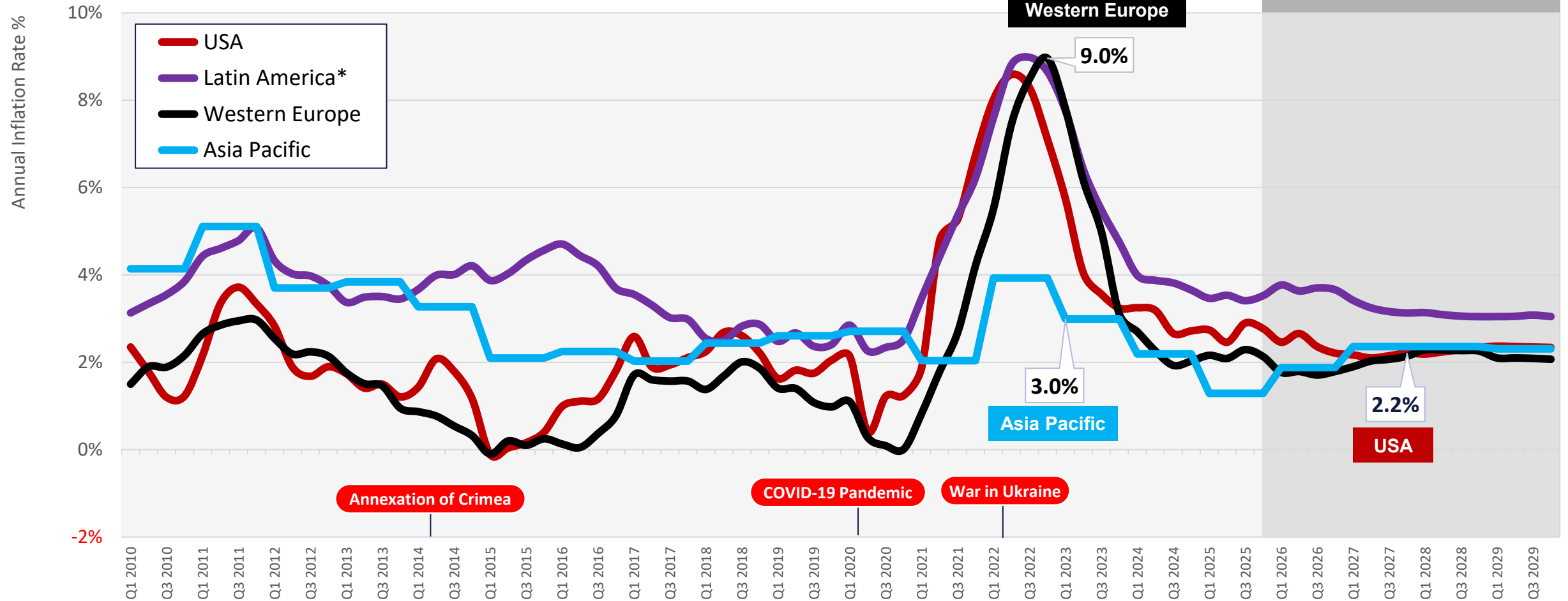
**COMMERCIAL**  
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# Commercial Market Trends Drivers & KPIs

# GDP, Recent Economic Shocks & Forecast



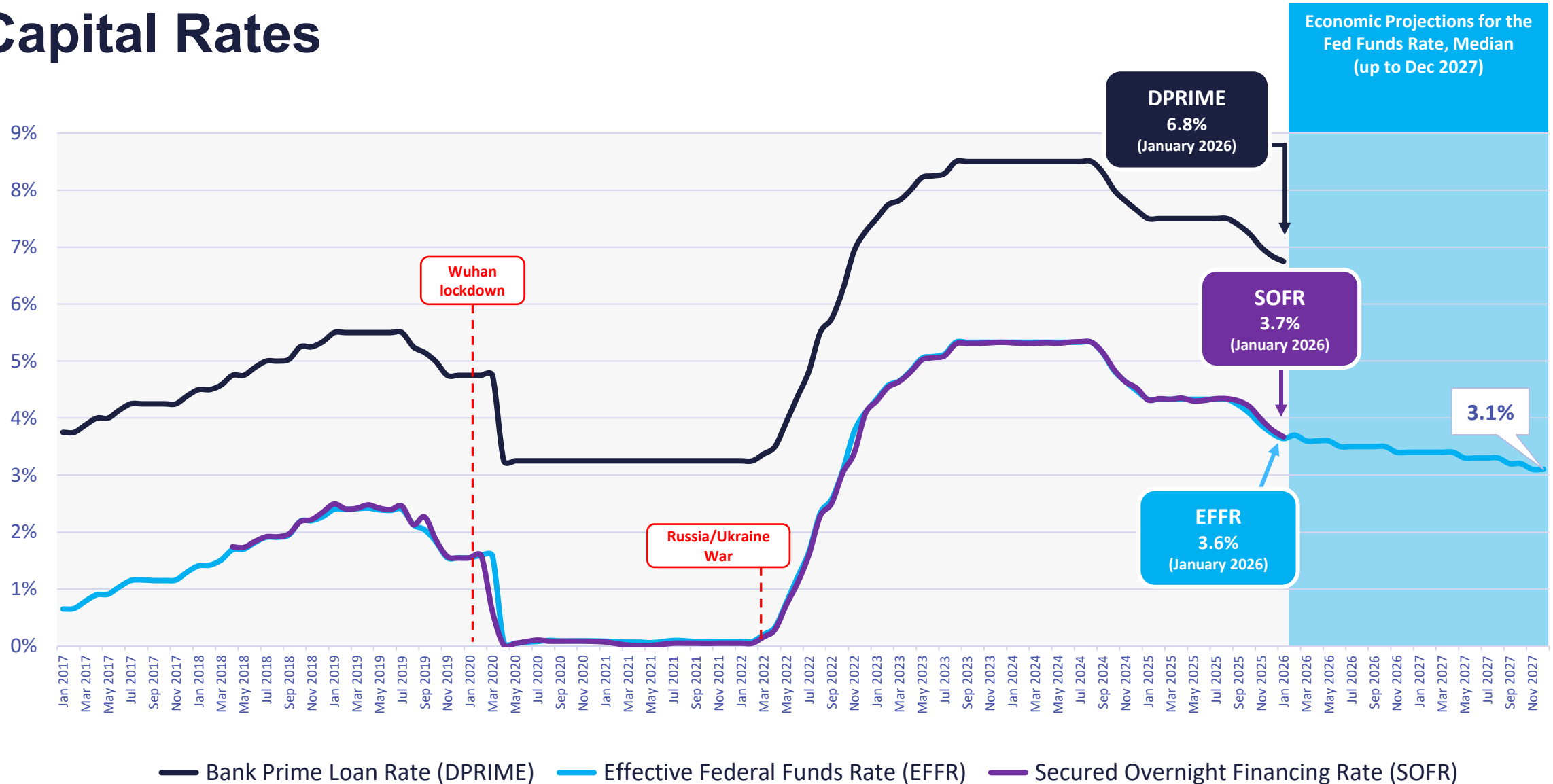
# Inflation, Consumer Price Index % year-on-year



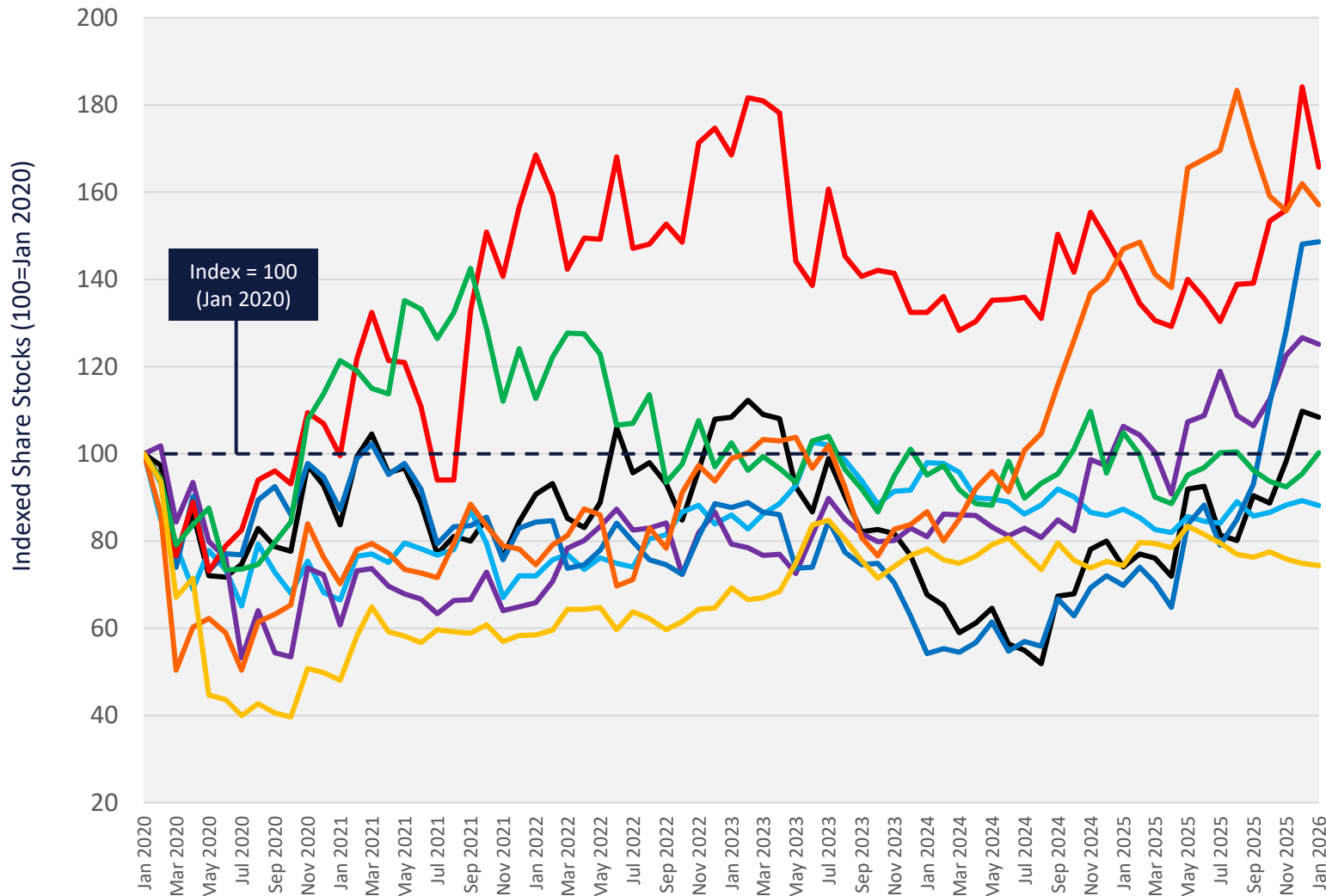
Source: Oxford Economics Ltd (December 2025 update)

Note: \*CPI for Latin America is an average of the following countries: Brazil, Chile, Colombia, Dominican Republic, Ecuador, Mexico and Peru. Argentina & Venezuela excluded.

# Capital Rates



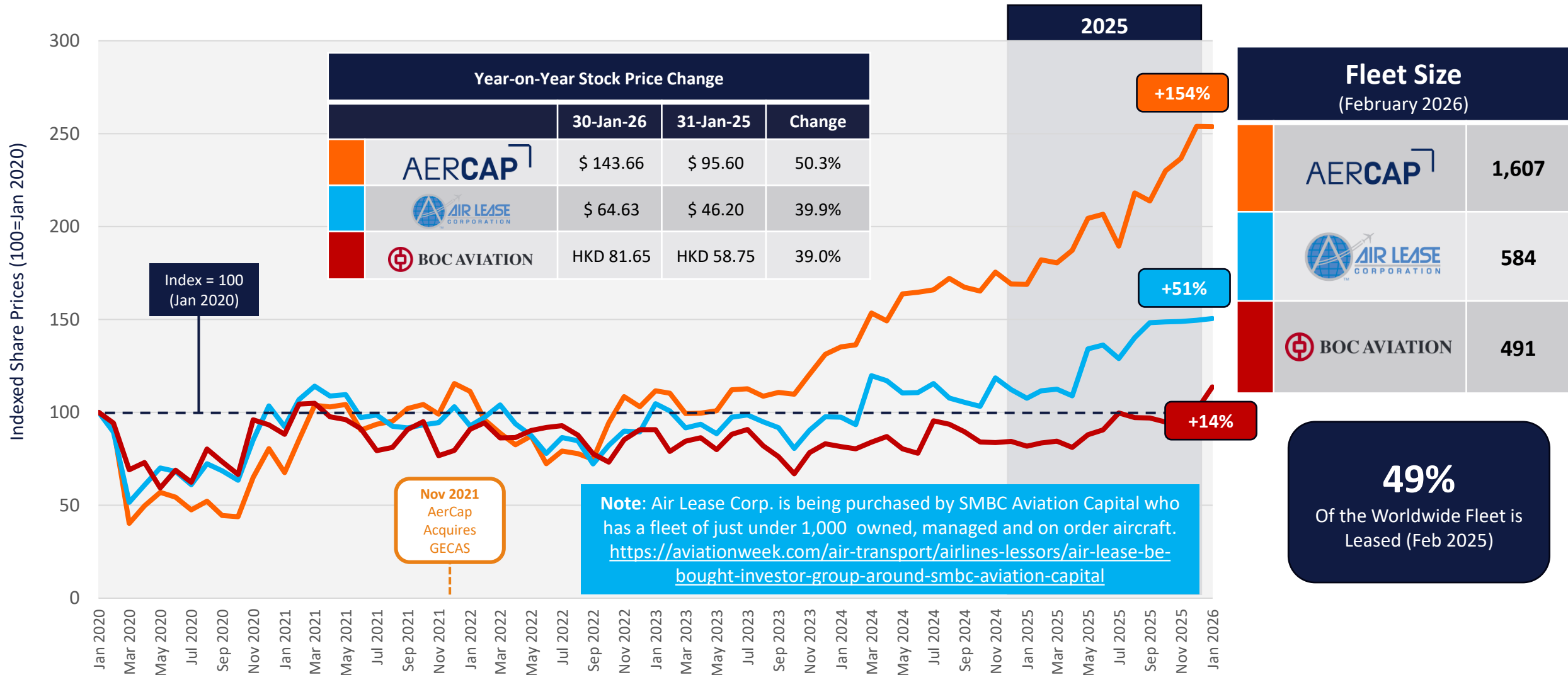
# Indexed Stock Price Change – Leading Airlines in Asia



|  |                                        | Year-on-Year Change |           |        |
|--|----------------------------------------|---------------------|-----------|--------|
|  |                                        | 30-Jan-26           | 31-Jan-25 | Change |
|  | <b>AIR CHINA</b>                       | 6.98                | 4.77      | 46.3%  |
|  | <b>ANA</b>                             | 2,942               | 2,915     | 0.9%   |
|  | <b>CATHAY</b>                          | 12.31               | 10.46     | 17.7%  |
|  | <b>中國東方航空</b><br><b>CHINA EASTERN</b>  | 5.32                | 2.50      | 112.8% |
|  | <b>中国南方航空</b><br><b>CHINA SOUTHERN</b> | 7.21                | 6.19      | 16.5%  |
|  | <b>KOREAN AIR</b>                      | 23,700              | 24,800    | -4.4%  |
|  | <b>QANTAS</b>                          | 10.07               | 9.42      | 6.9%   |
|  | <b>SINGAPORE AIRLINES</b>              | 6.36                | 6.36      | 0.0%   |

Note: Figures in local currency.

# Lessor Market: Indexed Stock Price Change



Source: Yahoo! Finance, AWIN, Aviation Week. Note: Private lessors include Avolon, Aviation Capital Group, BBAM, ICBC Leasing, Nordic Aviation Capital, SMBC Aviation Capital.

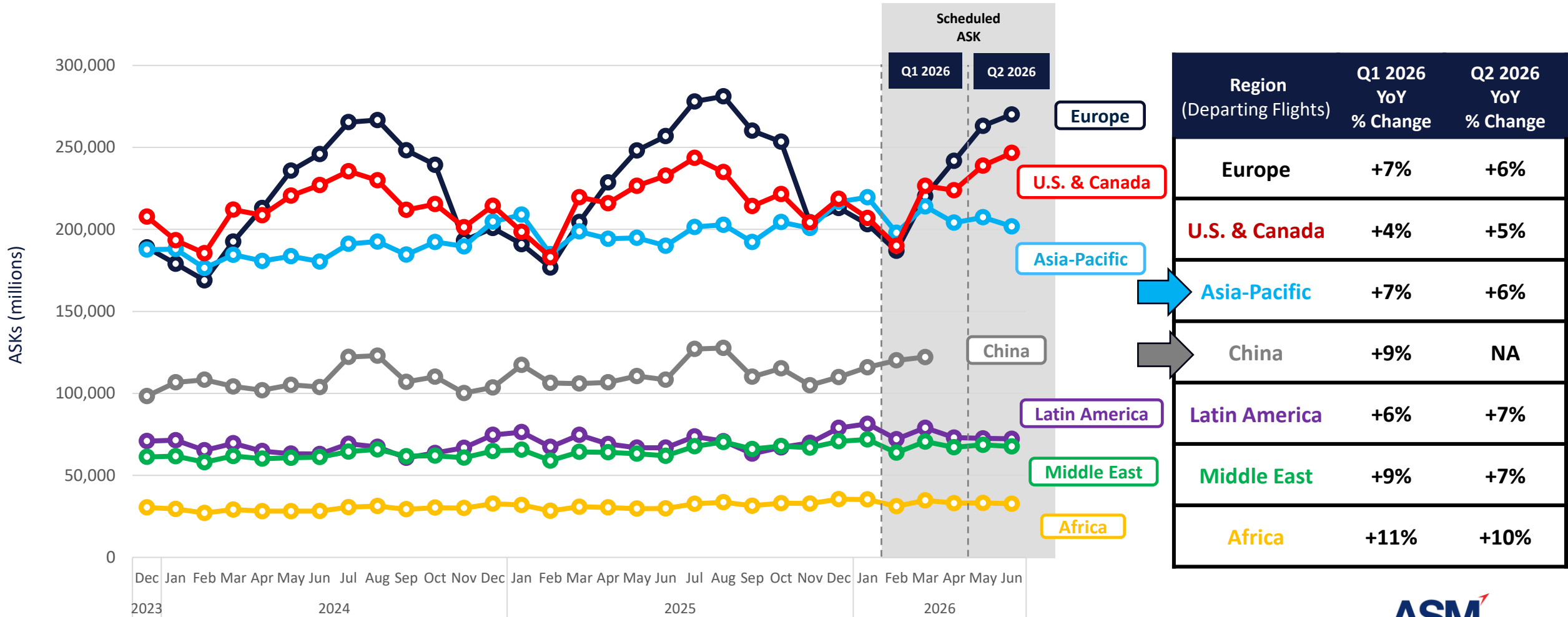
# Leading Asian Airlines by Traffic 2025 (RPKs)

+80% Load factors!

| Rank 2024 | Airline Group                                                                                              | Country   | RPK (m) |         |        | ASK (m) |         |        | Load Factor |      | Passengers (thousand) |         |        |
|-----------|------------------------------------------------------------------------------------------------------------|-----------|---------|---------|--------|---------|---------|--------|-------------|------|-----------------------|---------|--------|
|           |                                                                                                            |           | 2025    | 2024    | Change | 2025    | 2024    | Change | 2025        | 2024 | 2025                  | 2024    | Change |
| 1         |  中国南方航空<br>CHINA SOUTHERN | China     | 331,305 | 305,991 | 8%     | 386,429 | 362,646 | 7%     | 86%         | 84%  | 173,731               | 164,749 | 5%     |
| 2         |  AIR CHINA                | China     | 300,971 | 284,332 | 6%     | 367,637 | 356,113 | 3%     | 82%         | 80%  | 160,583               | 155,311 | 3%     |
| 3         |  中國東方航空<br>CHINA EASTERN  | China     | 272,102 | 245,894 | 11%    | 316,928 | 296,909 | 7%     | 86%         | 83%  | 149,956               | 140,583 | 7%     |
| 4         |  SINGAPORE AIRLINES       | Singapore | 157,893 | 152,100 | 4%     | 180,737 | 175,645 | 3%     | 87%         | 87%  | 41,569                | 39,021  | 7%     |
| 5         |  IndiGo                   | India     | 144,986 | 128,610 | 13%    | 170,991 | 150,177 | 14%    | 85%         | 86%  | 123,708               | 113,179 | 9%     |
| 6         |  海南航空<br>HAINAN AIRLINES  | China     | 134,484 | 123,854 | 9%     | 160,503 | 148,343 | 8%     | 84%         | 83%  | 70,578                | 68,025  | 4%     |
| 7         |  QANTAS                  | Australia | 129,382 | 116,895 | 11%    | 152,804 | 141,357 | 8%     | 85%         | 83%  | 55,901                | 51,798  | 8%     |
| 8         |  AIR INDIA              | India     | 120,686 | 96,869  | 25%    | 150,520 | 115,903 | 30%    | 80%         | 84%  | 62,622                | 42,013  | 49%    |
| 9         |  CATHAY                 | Hong Kong | 119,875 | 93,015  | 29%    | 140,681 | 111,789 | 26%    | 85%         | 83%  | 28,871                | 22,827  | 26%    |
| 10        |  ANA                    | Japan     | 82,615  | 75,986  | 9%     | 102,966 | 10,006  | 3%     | 80%         | 76%  | 49,122                | 45,797  | 7%     |

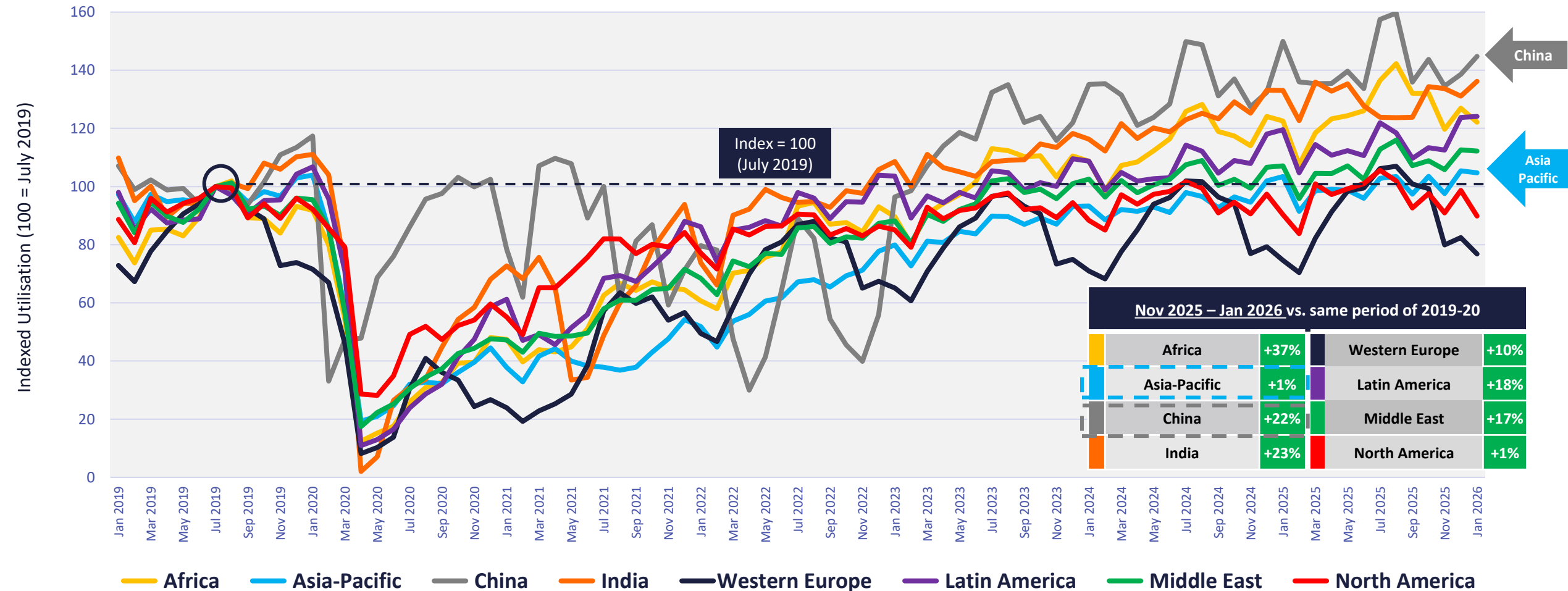
# Historic & Scheduled Available Seat Kilometres – By Region

Scheduled airline capacity (updated 11 February 2026)



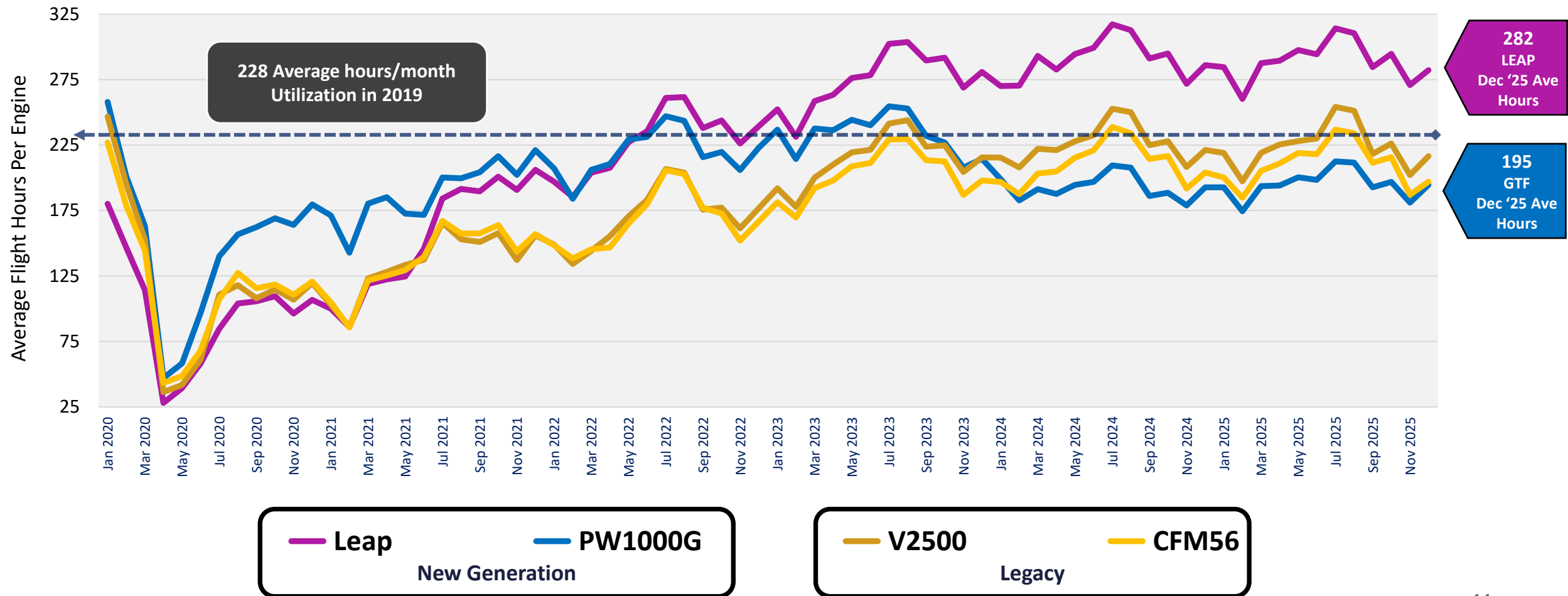
# Utilization Change – Regions

Indexed flight hour utilization for commercial aircraft fleets by operator region vs. July 2019



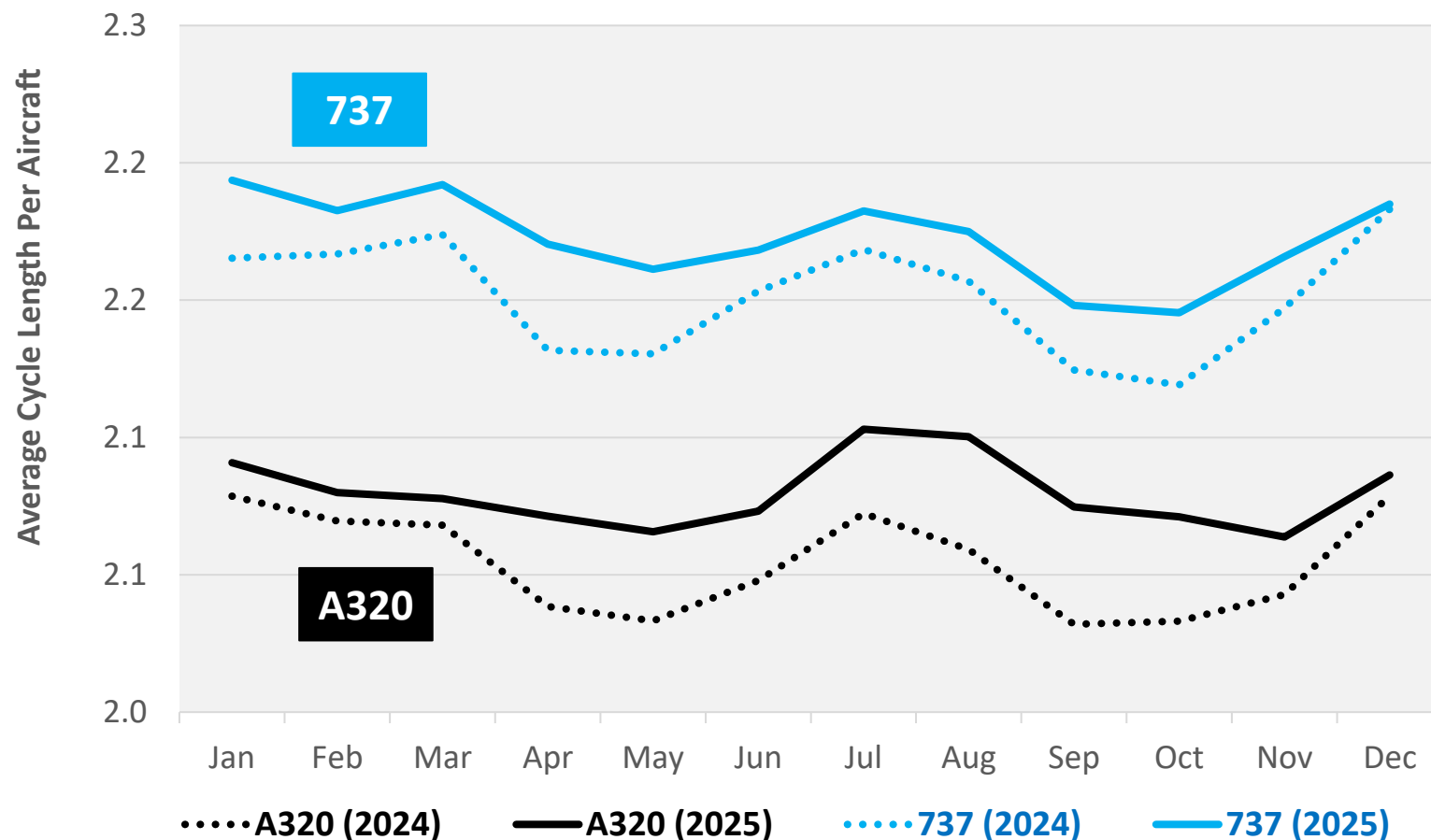
# Single-Aisle Engine Utilization 2020-25

Average monthly flight hours, per engine, new generation vs. legacy engines



# Airbus A320 vs. Boeing 737

Utilization: average stage length in 2025 vs. 2024 for global operators



**+0.9%** Average Stage Length 2025 v. 2024 A320 and 737

## Monthly Ave. Hours 2025 v. 2024

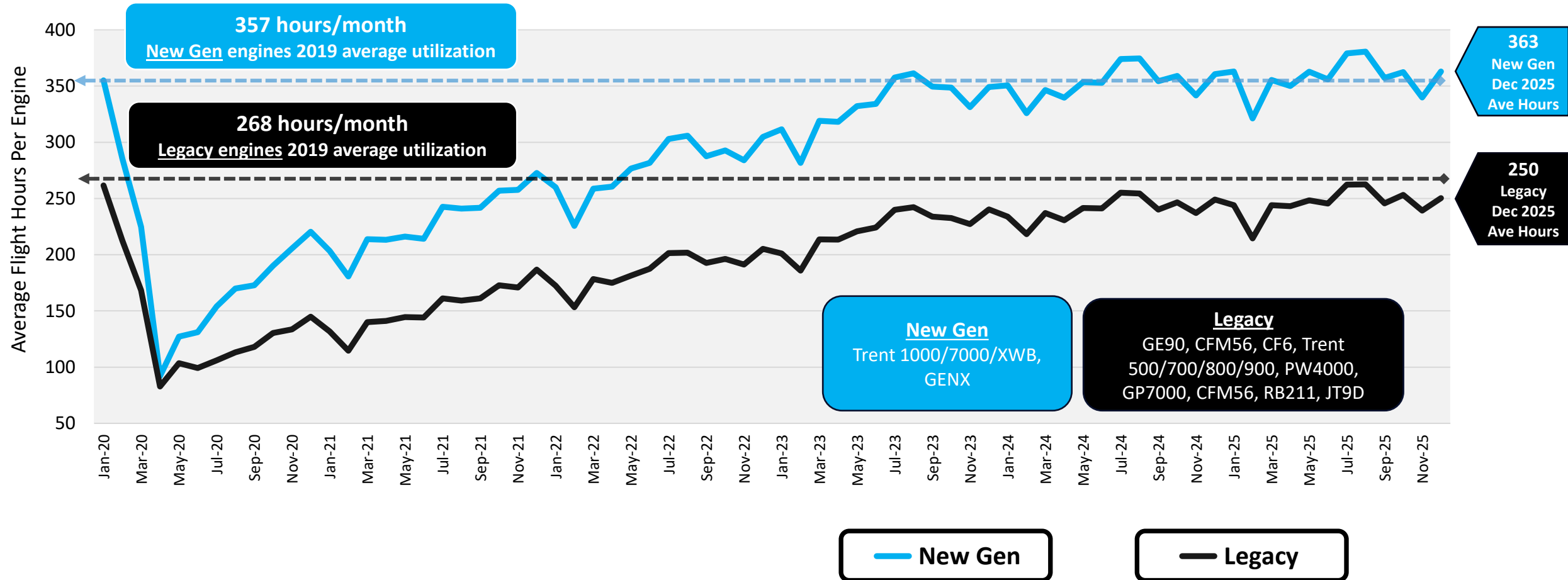
| Aircraft Family | 2025 | 2024 | Change |
|-----------------|------|------|--------|
| 737             | 222  | 220  | +0.6%  |
| A320            | 232  | 231  | +0.6%  |

## Annual Cycles 2025 v. 2024

| Aircraft Family | 2025  | 2024  | Change |
|-----------------|-------|-------|--------|
| 737             | 11.1m | 10.9m | +2%    |
| A320            | 14.2m | 13.7m | +4%    |

# Widebody Engine Utilization 2020-25

Average monthly flight hours, per engine, new generation vs. legacy engines



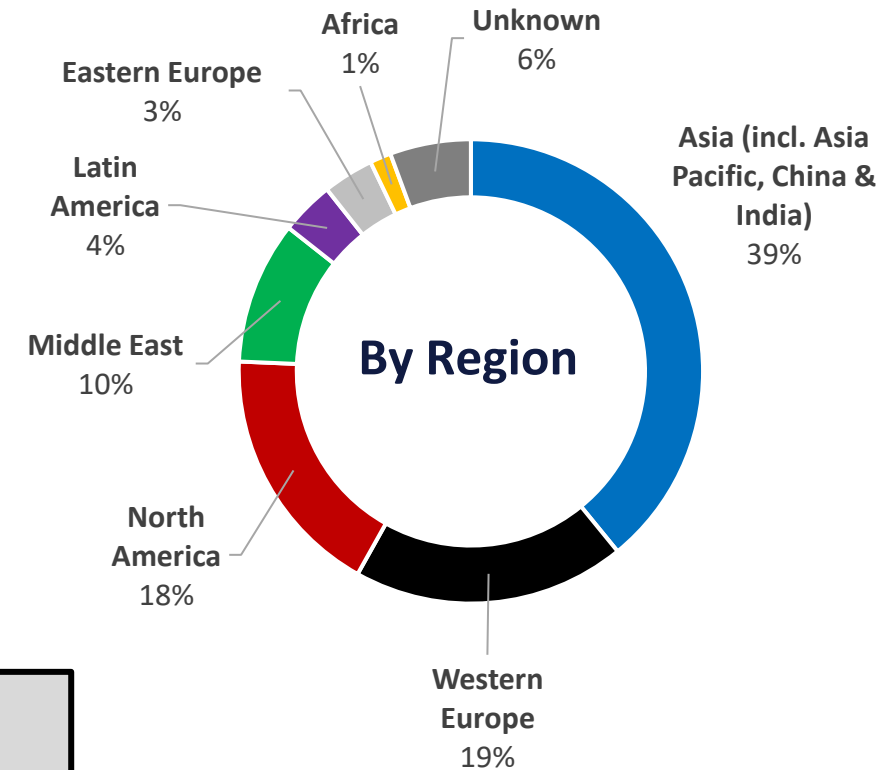
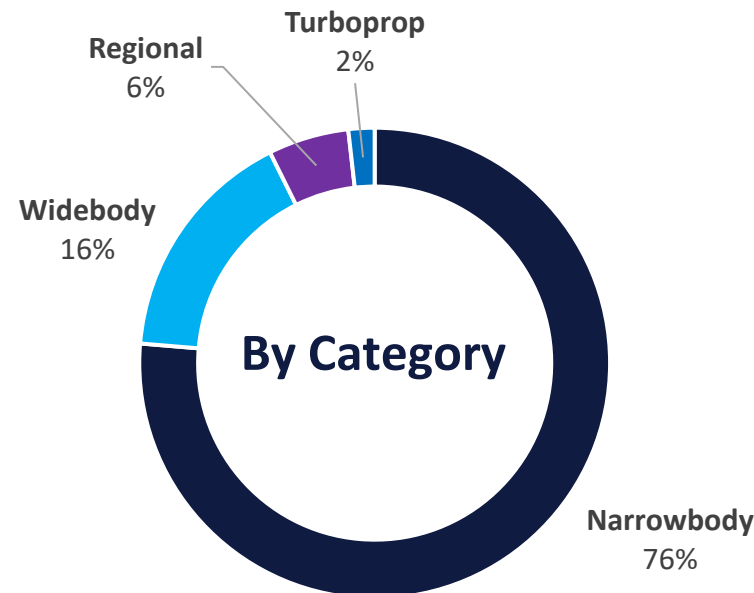
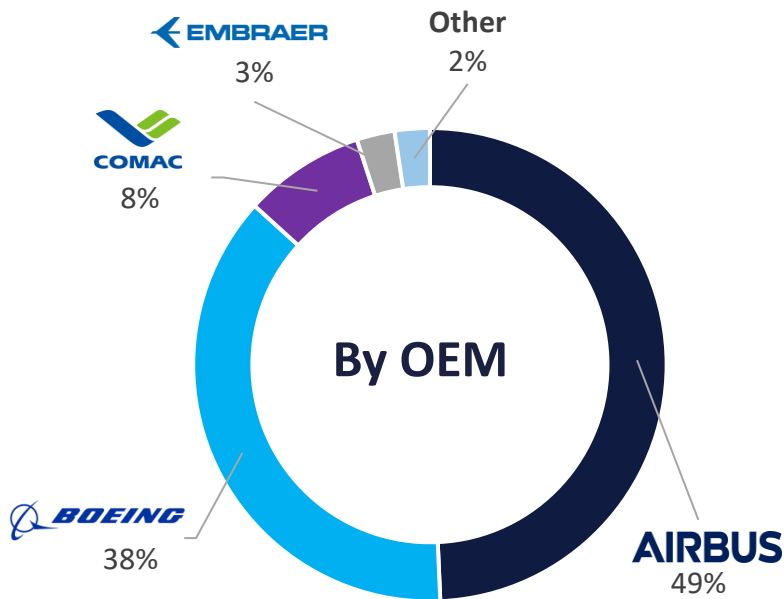
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# Fleet Forecast 2026-2035

# Order Backlog

Market shares firm order backlog  
31 December 2025 - **17,770**

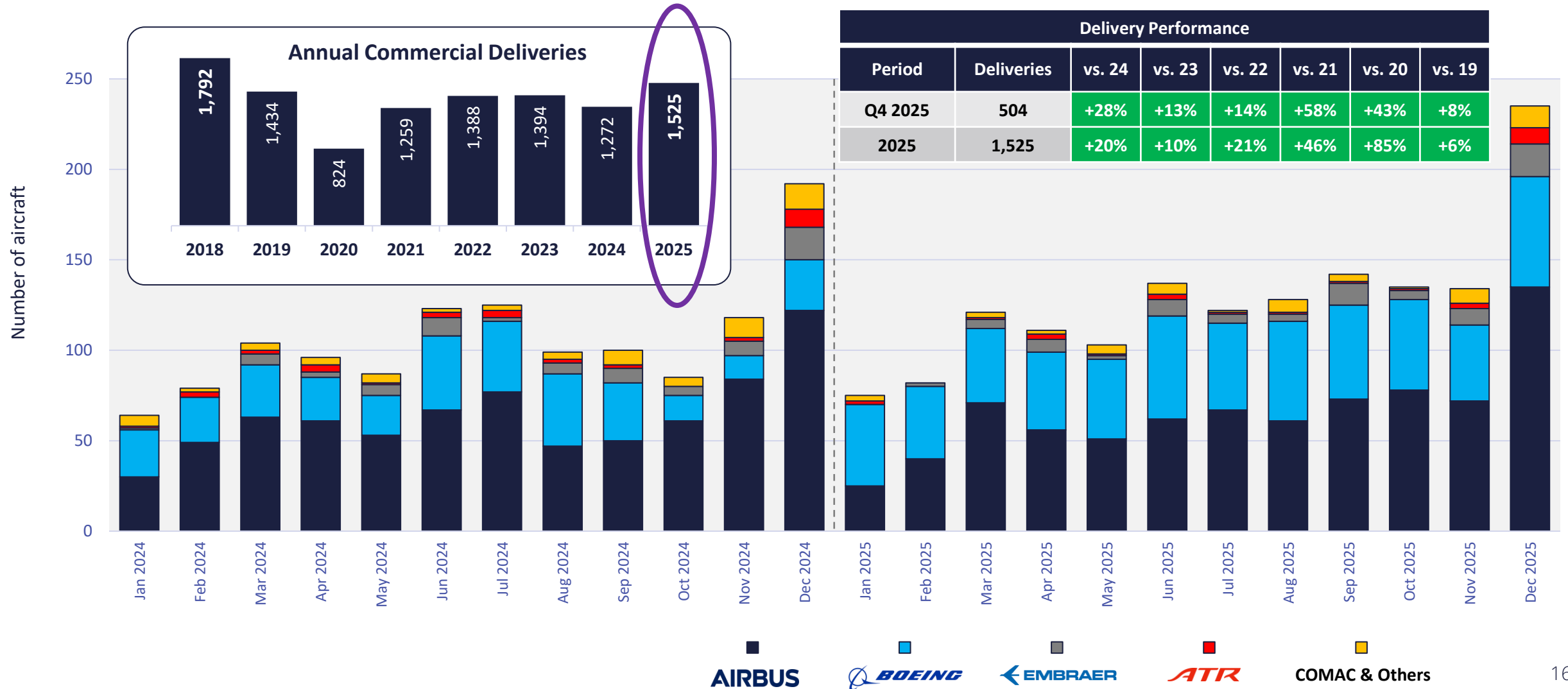
| Backlog       | 2019  | 2020  | 2021  | 2022  | 2023  | 2024  | 2025  |
|---------------|-------|-------|-------|-------|-------|-------|-------|
| <b>AIRBUS</b> | 7,481 | 7,183 | 7,089 | 7,257 | 8,615 | 8,672 | 8,761 |
| <b>BOEING</b> | 5,442 | 4,819 | 4,949 | 5,255 | 6,004 | 6,175 | 6,649 |



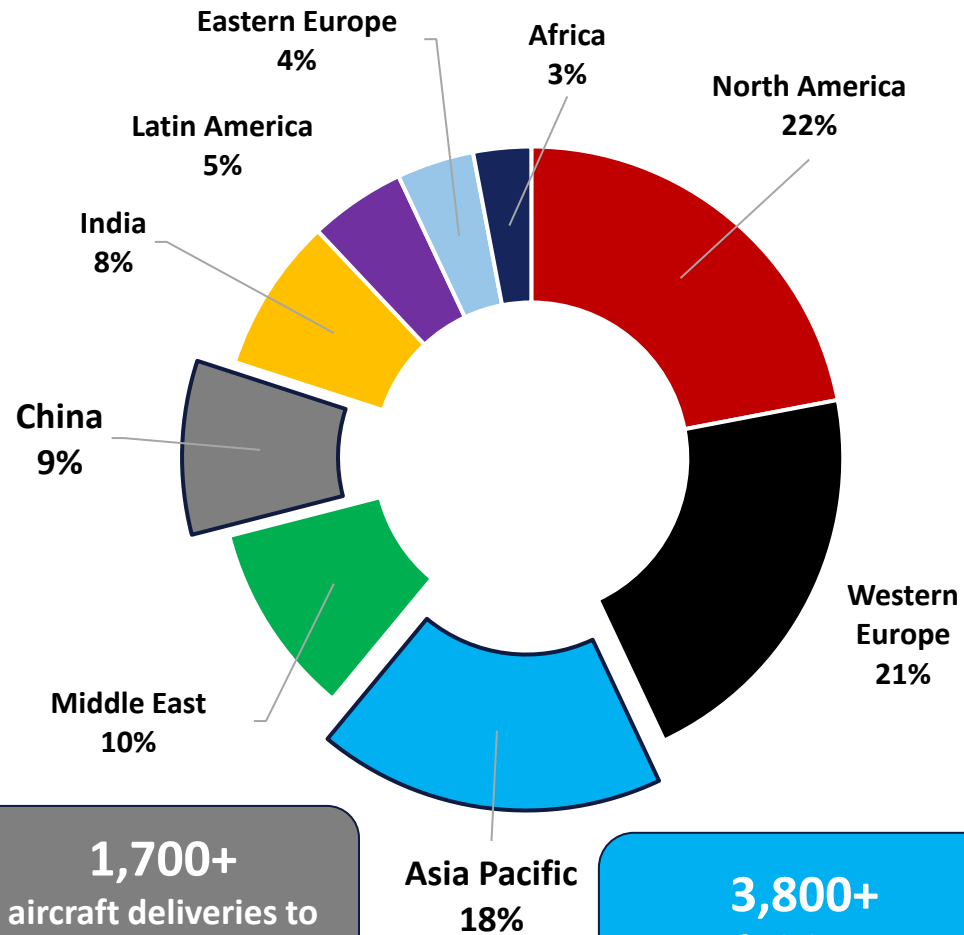
**2025**  
Leading Airline Orders: Qatar, Alaska & Vietjet  
Top 10 includes 3 lessors: BOC, Avalon & Jackson Square

# Historical Deliveries – Commercial Aircraft by OEM

Global deliveries of commercial aircraft – all OEMs



# Forecast: New Aircraft Deliveries by Region, 2026-35



**1,700+**  
aircraft deliveries to  
Chinese operators

**3,800+**  
aircraft deliveries to  
Asia Pacific operators

## Highlights – Asia-Pacific & China

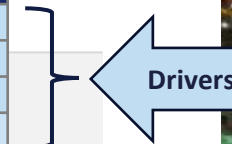
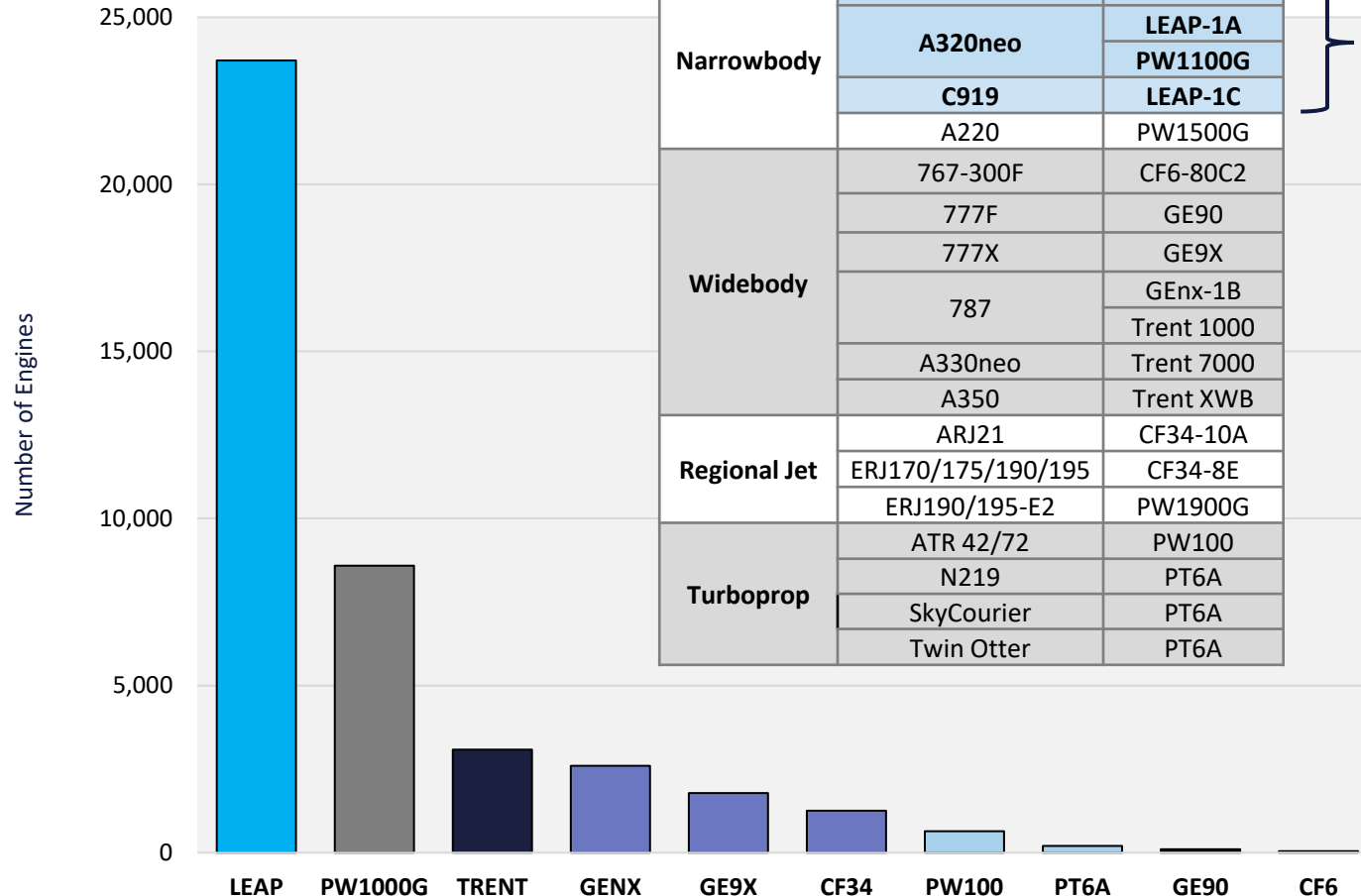
- ~5,600 new deliveries to Asian carriers
- 70% narrowbody share
- 46% Airbus, 11% Comac
- +11,300 new engine deliveries

## Top Airlines in Asia



# Forecast: Global Commercial Engine Deliveries 2026-35

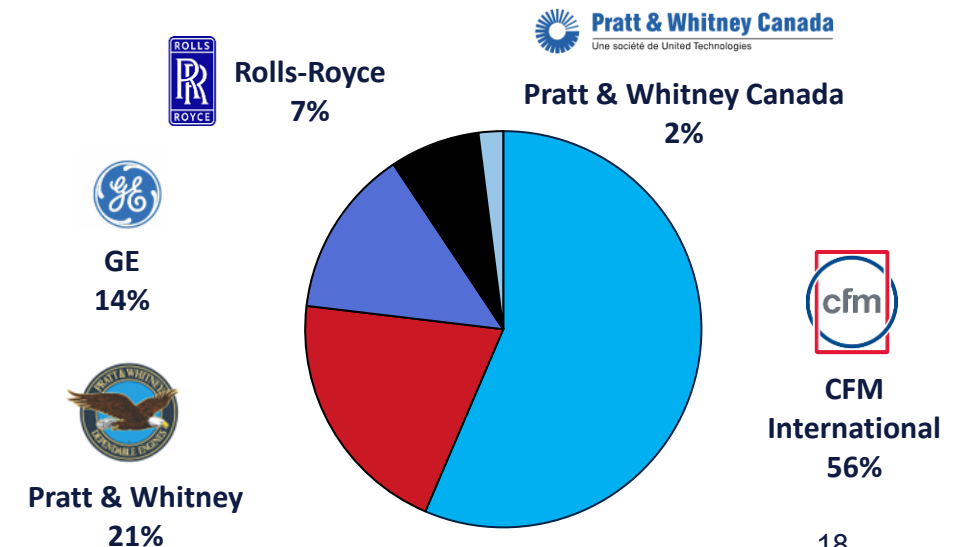
## By Engine Family



CFM's LEAP engine alone projected at over + 23,700 deliveries.

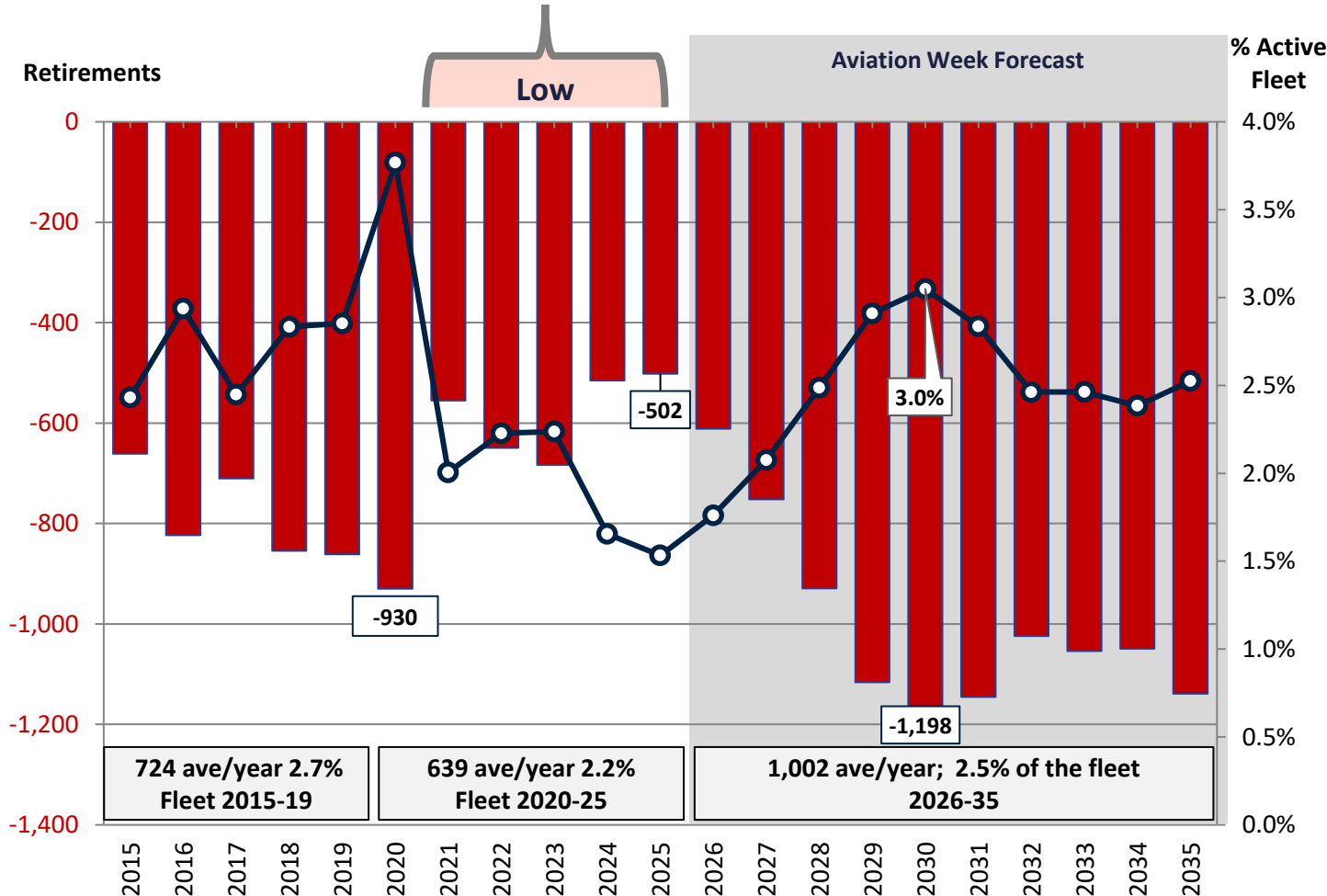
CFM engines account for 58% of all engine deliveries (not including spares)

## Deliveries By Engine Manufacturer



# Forecast Trends in Aircraft Retirements - Global

Annual retirements historical & forecasted, % of in-service fleet



## Highlights

- ~10,000 retirements over 10-year forecast period.
- Abnormally low retirements 2021-25.
  - ~200+ fewer retirements per year
  - 0.5%-1.0% of fleet historically ~1.5k older aircraft flying now.
- In future, used serviceable materials (USM) and green time engines/USM may inundate markets for popular legacy types depressing pricing.

## ~10k – Global Retirements 2026-35

Credit: Brian Kough, Aviation Week



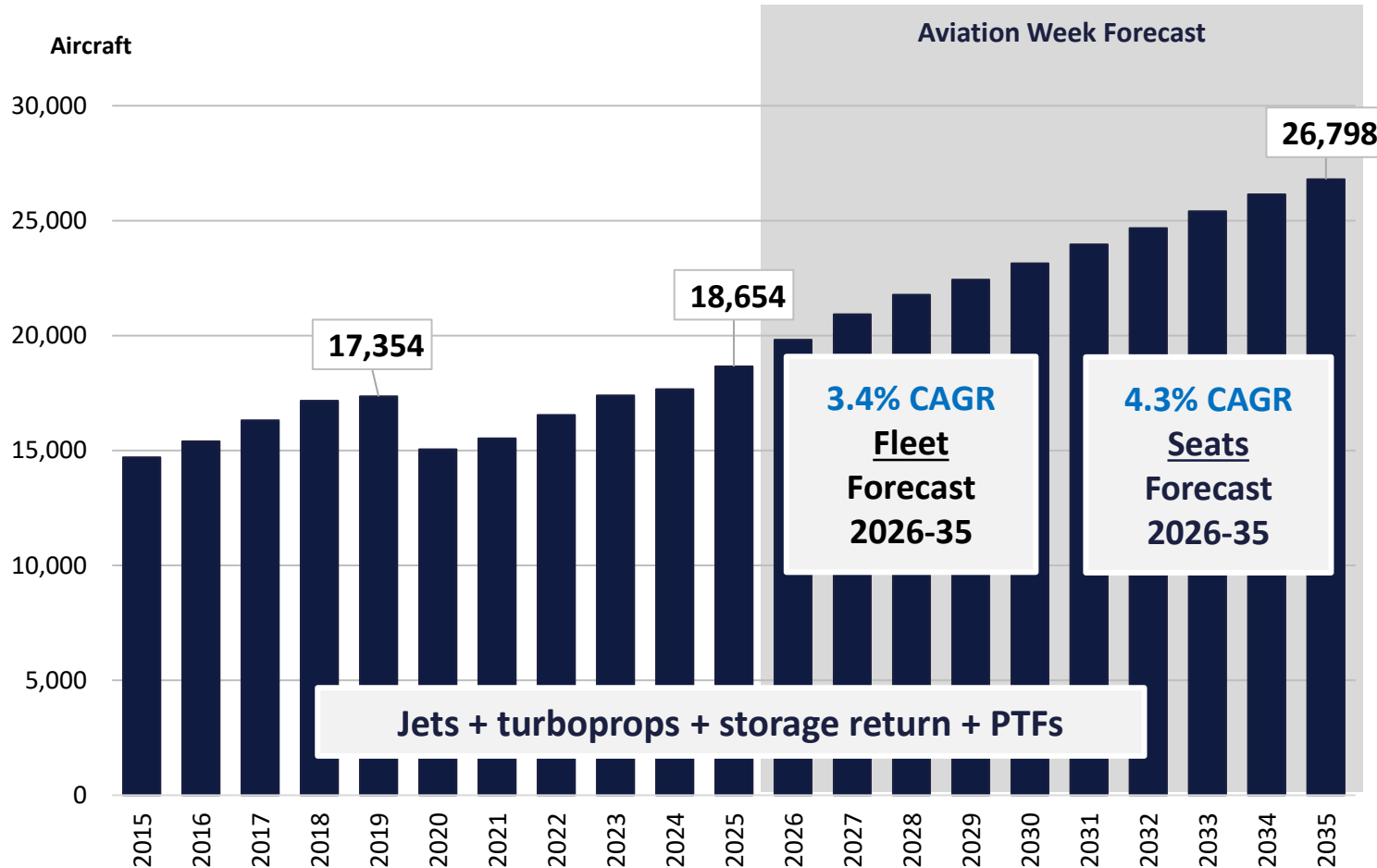
Credit: Nigel Prevett, Aviation Week



## Recycled Parts Impact on USM Market?

# Forecast: In-Service Engine Fleet in Asia

Annual count of active engines, historical & forecasted



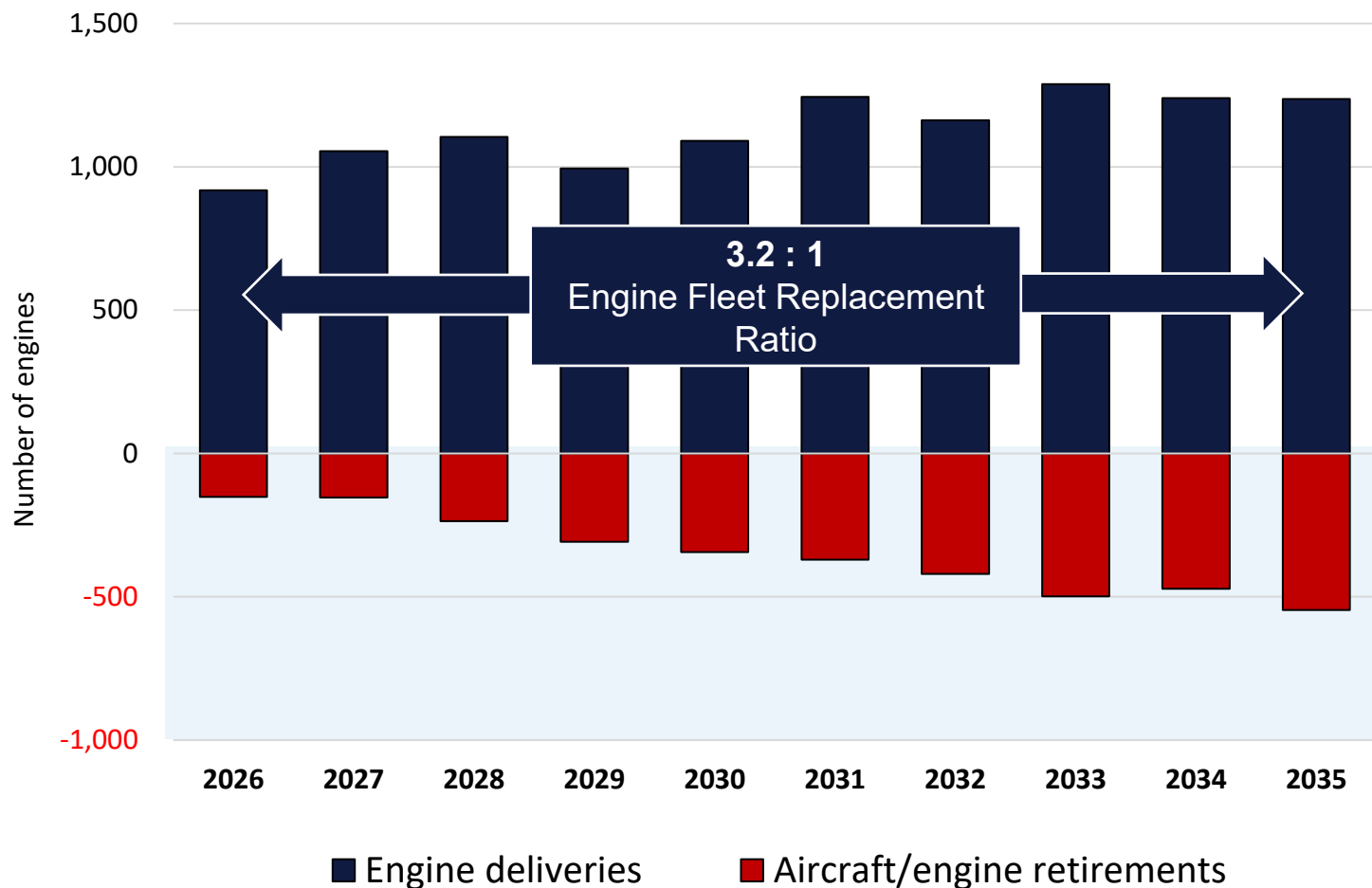
## Highlights

- 3.4% future CAGR over 2026-35; 35% growth.
- Since 2023, in-service fleet exceeded 2019 levels.
- Narrowbody engines are key growth driver over decade.



# Forecast: Asia's Engine Transition

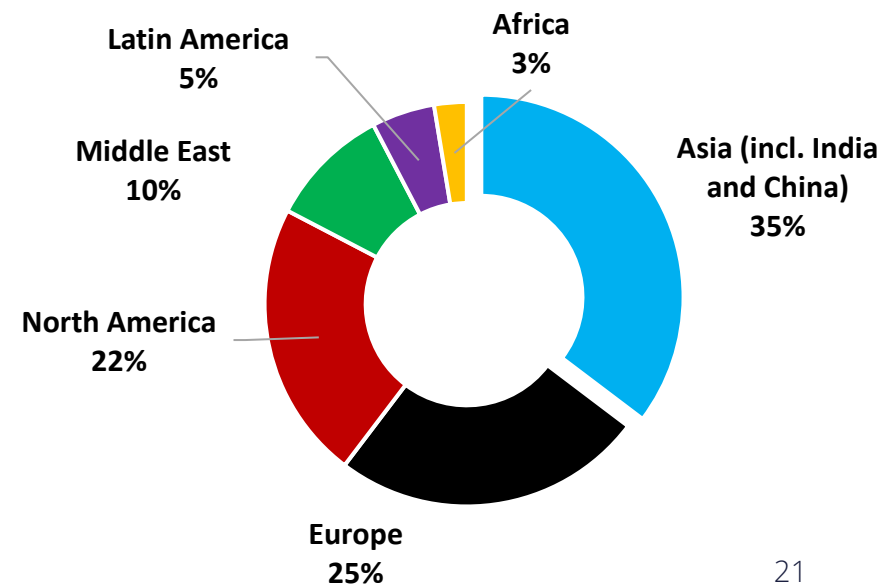
New engine deliveries vs. engines on retiring aircraft 2026-35



~11,300 new engines required in next 10 years

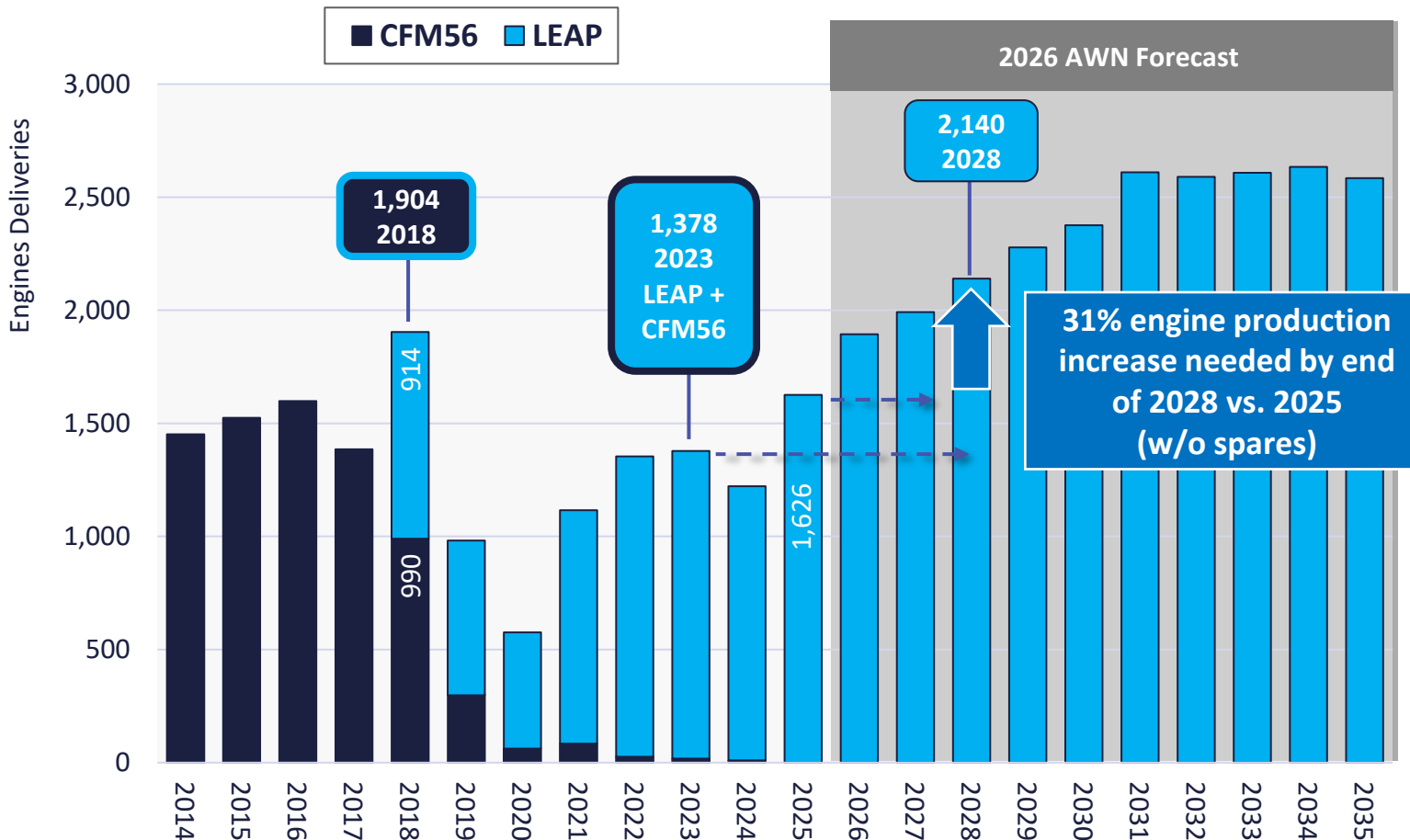
~3,500 engines associated with projected retiring aircraft

## World Engine Delivery Share



# CFM Challenge: LEAP Global Production Needed

Historical & Forecast Engine Deliveries - CFM56 & LEAP



## Analysis

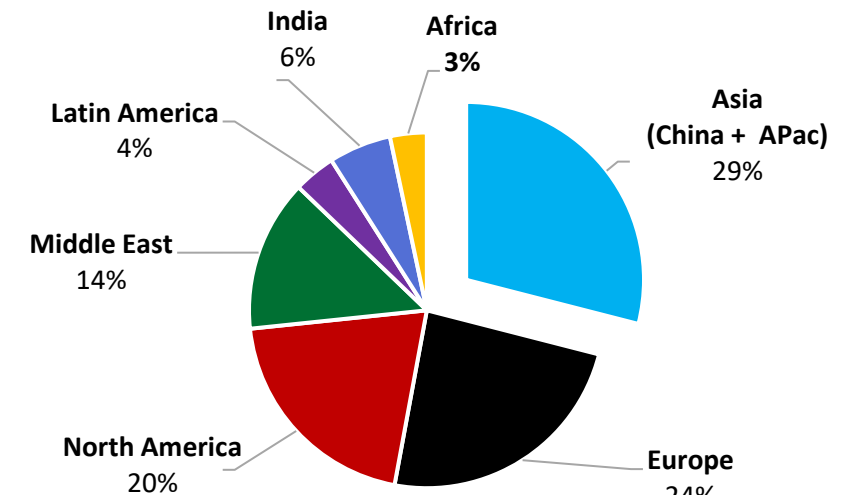
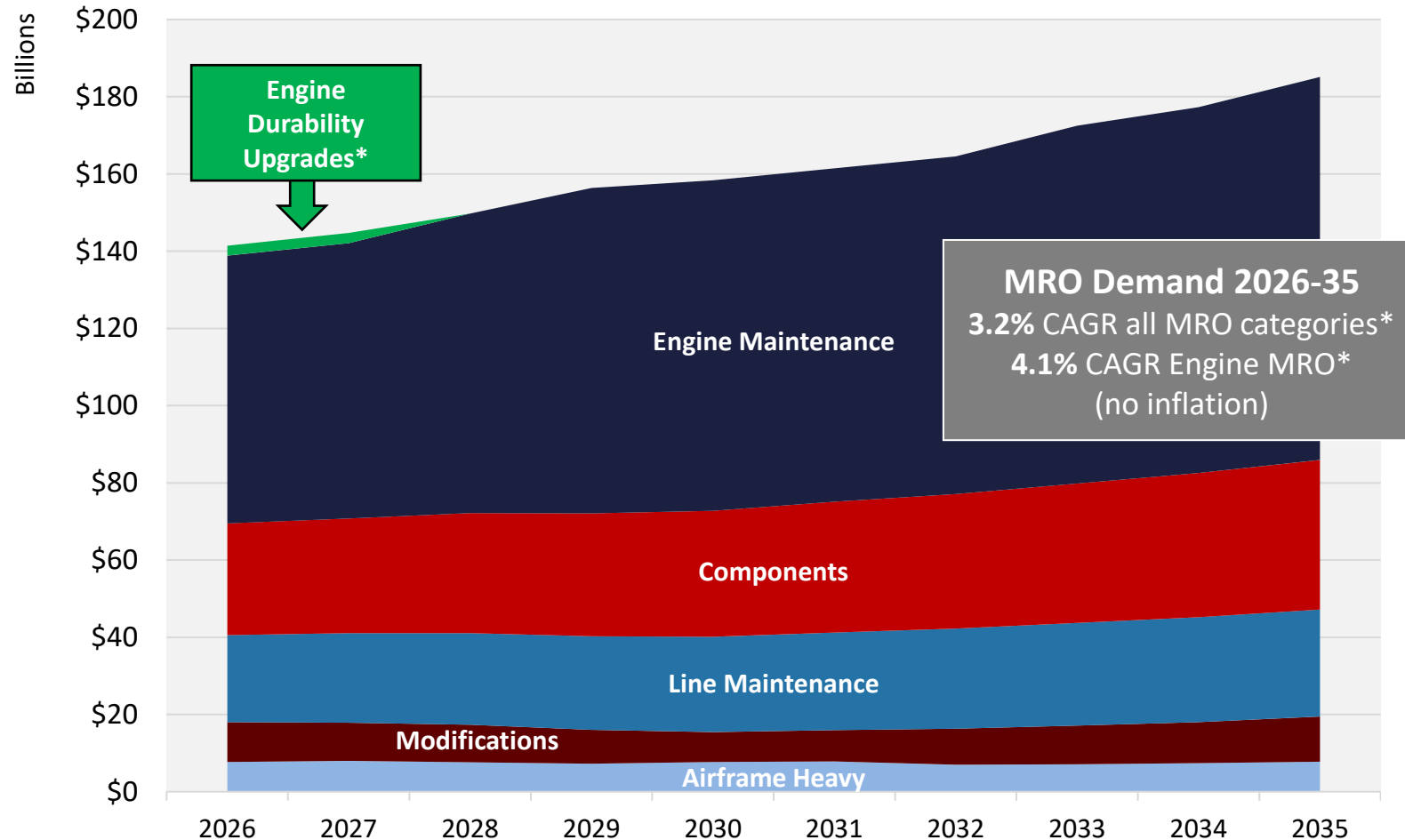
- 31% production increase by 2028 vs. 2025 needed (not including spares).
- 60% production increase from 2023 to 2028.
- 2018 - busiest year with combined CFM56 & LEAP engines, 1,904 units.
- 2025 - 1,626 LEAP engines delivered - forecast to make ~1,900 in 2026.
- Challenges: A320 orderbook – rate 75, 737 rate cap, but 737-7 & -10 yet to be certified..., COMAC orders...
- FALs: Lafayette, IN; Durham, NC; Villaroche, France; Morocco - New facility 2027.

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# MRO Forecast 2026-2035

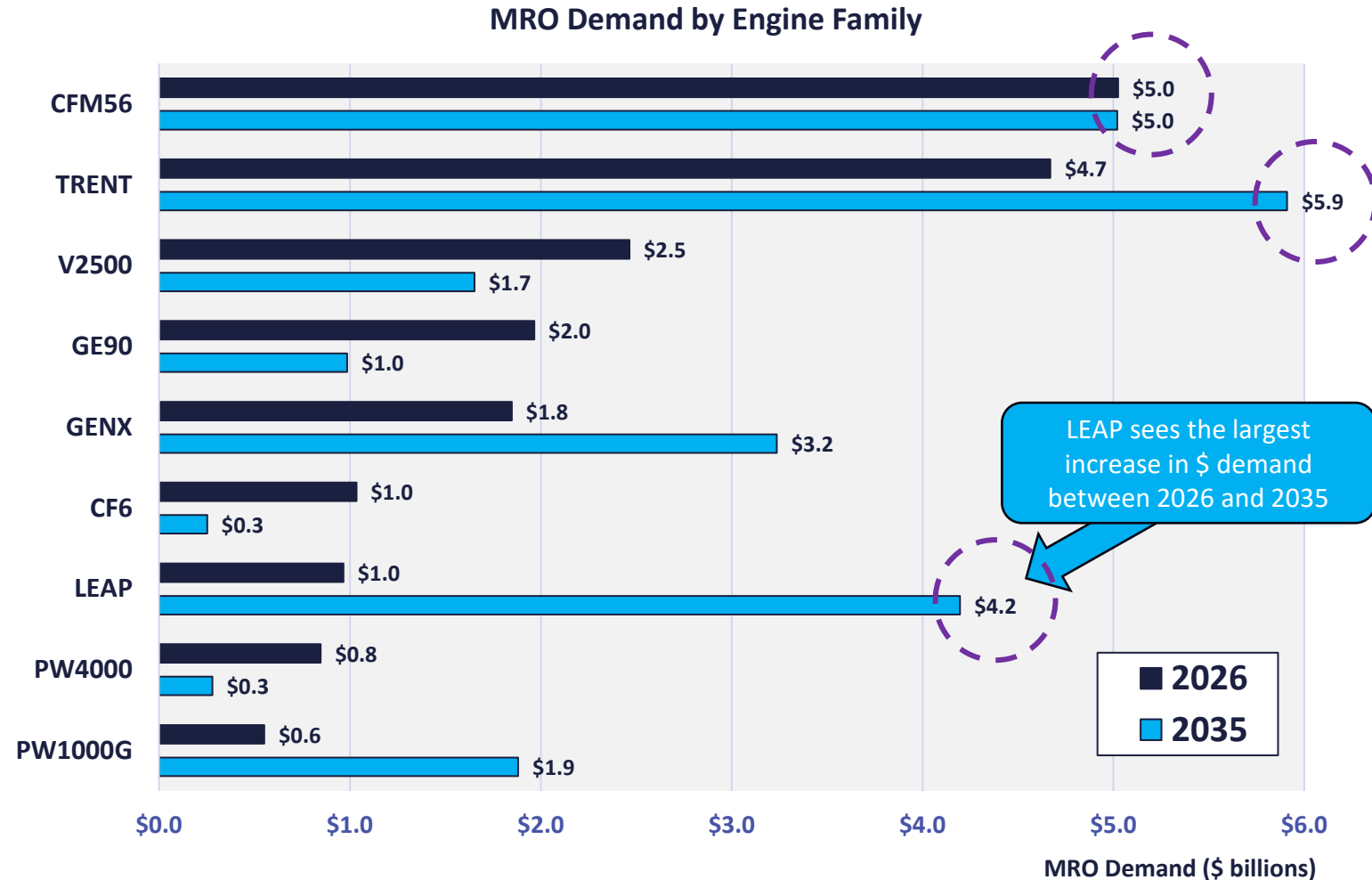
# Forecast: Global MRO Demand Overview

MRO aftermarket by category, constant US dollars



# Forecast: Engine O/H Demand – 2026 vs. 2035

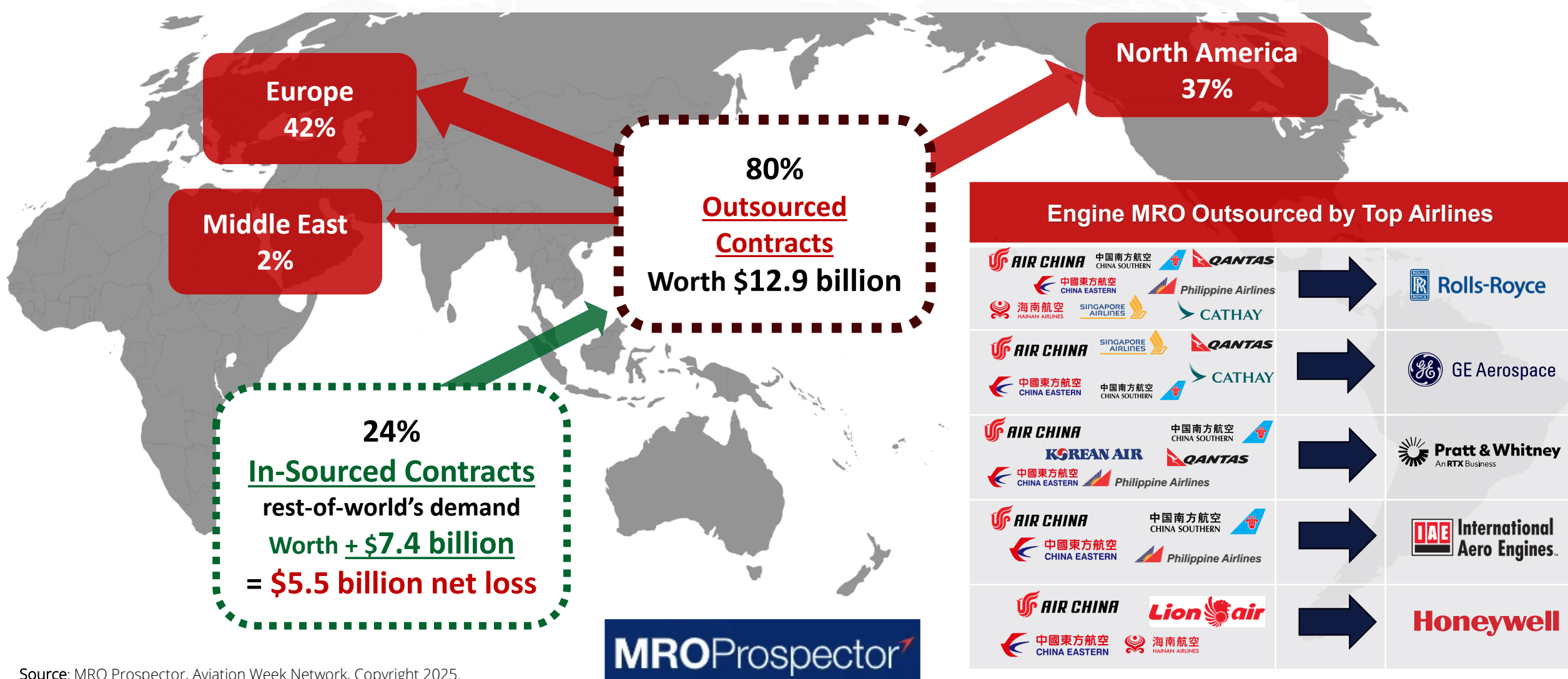
Asia Pacific & China



# Engines

## Asia-Pacific & China Market **Outsourced/Insourced**

### 2025 Engine Overhaul MRO Contracts & Value



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# MRO Trends to Watch

# Narrowbody Engine Durability Issues

Unscheduled MRO aftermarket impacts for Pratt & Whitney GTF & CFM LEAP

## \$5.1 billion

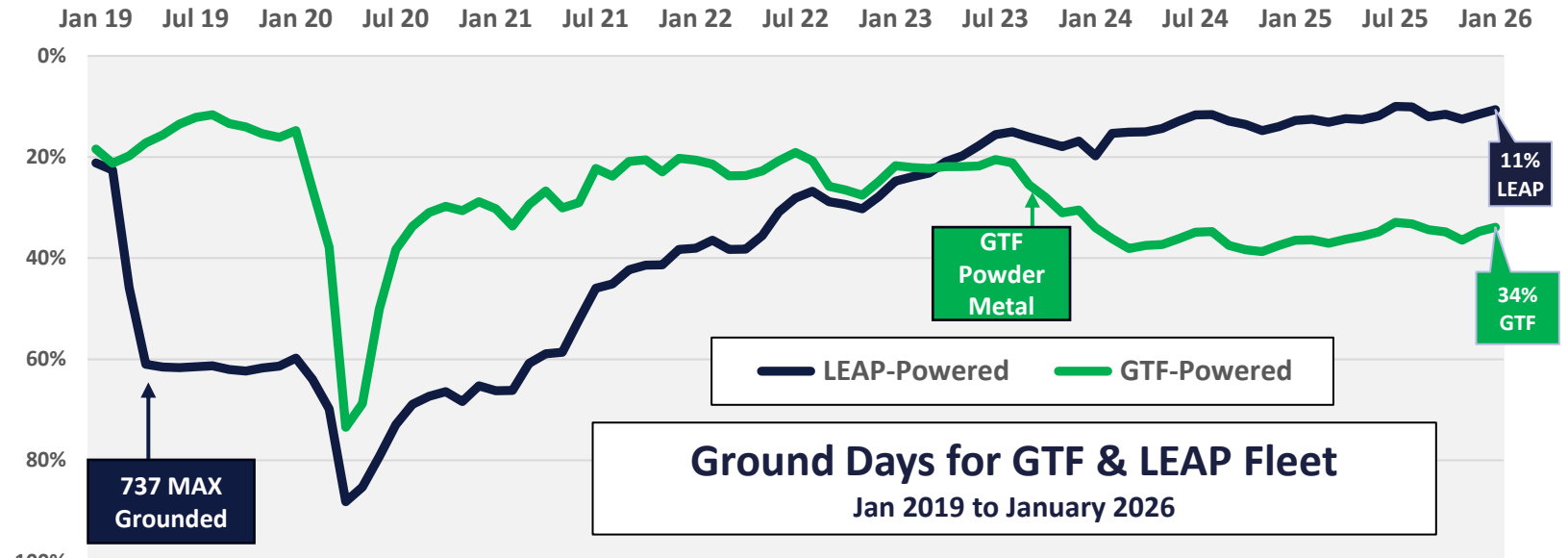
Durability Aftermarket Impacts

- GTF - combustion/heat exchanger.
- GTF - HPT #1 and #2, HPC.
- LEAP - fuel nozzles, R.B.S.

### New “GTF Advantage” Engine

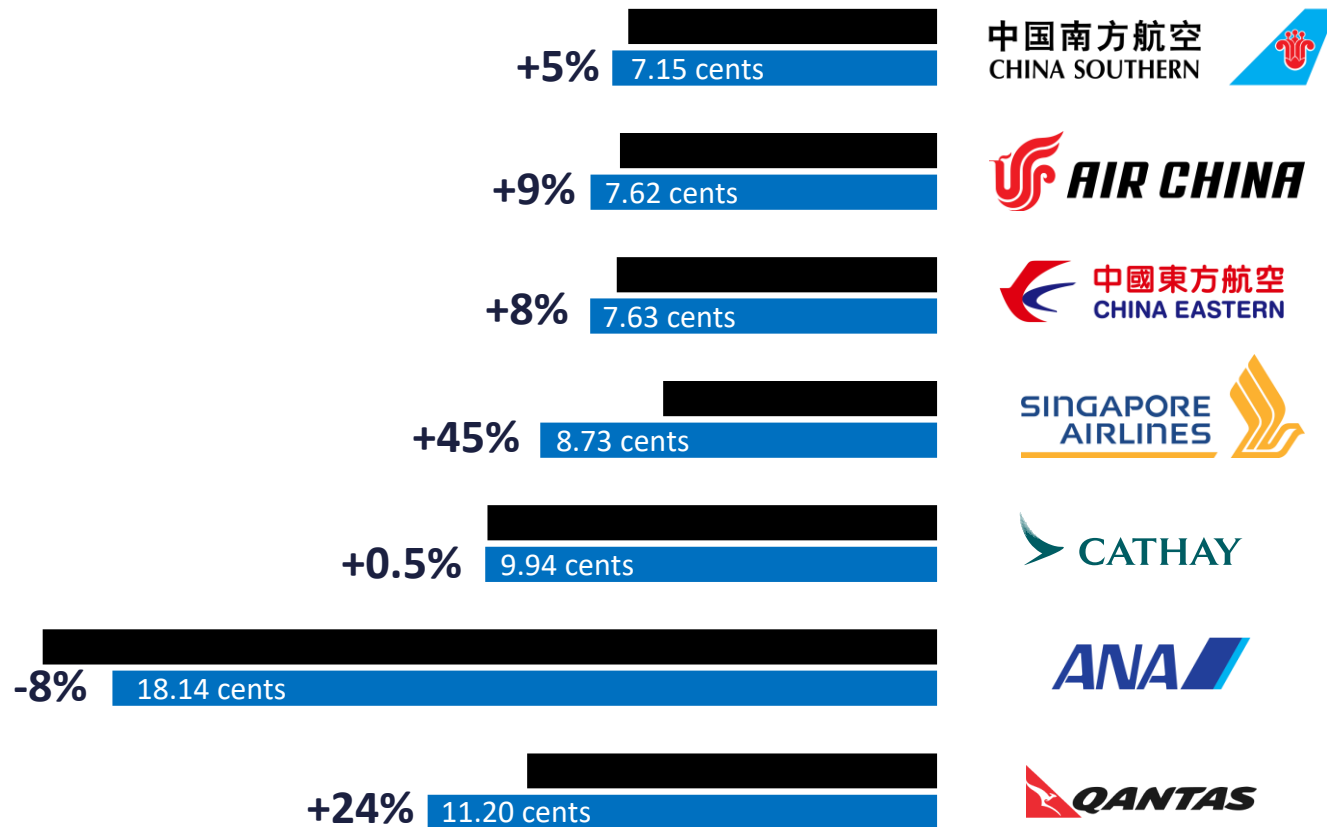
- FAA certified, now EASA.
- Starts prod. in 2026, full-rate by 2028.
- New hot section, combustor, air flow, LLPs to 27k cycles, 40% + TOW.
- Multi legacy engine upgrades planned.

**Article:** “Pratt Positions For GTF Reset As Upgraded Certification Looms” (Guy Norris August 26, 2025)

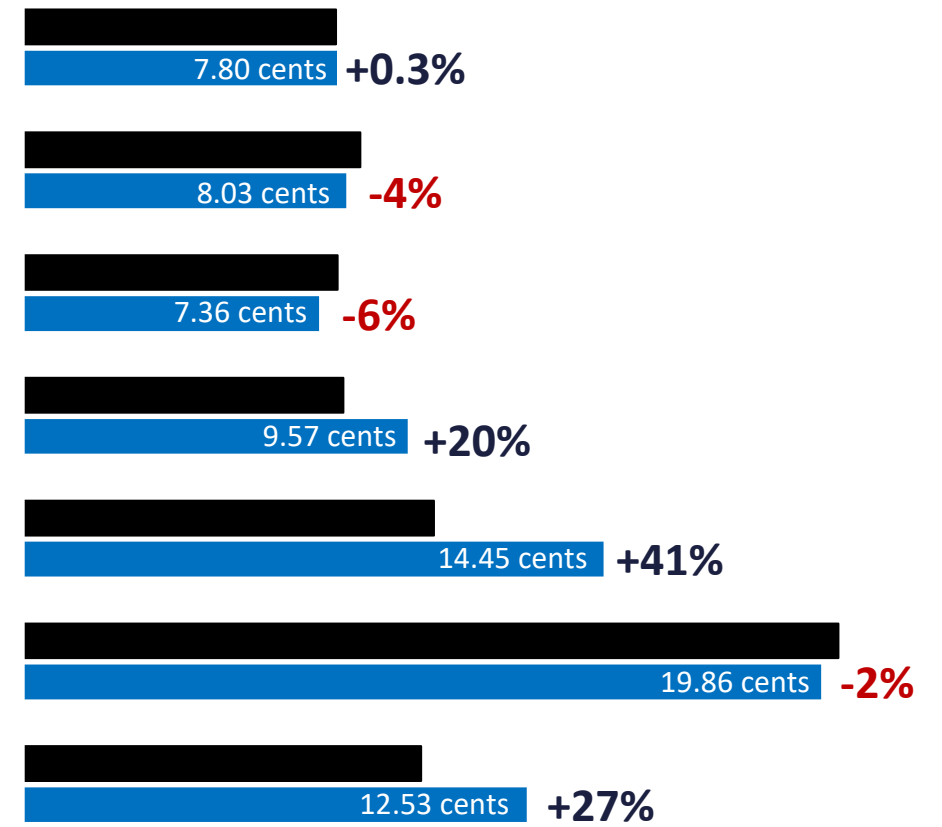


# CASK & RASK: 2024 vs. 2019

## Cost per Available Seat Kilometer (CASK)



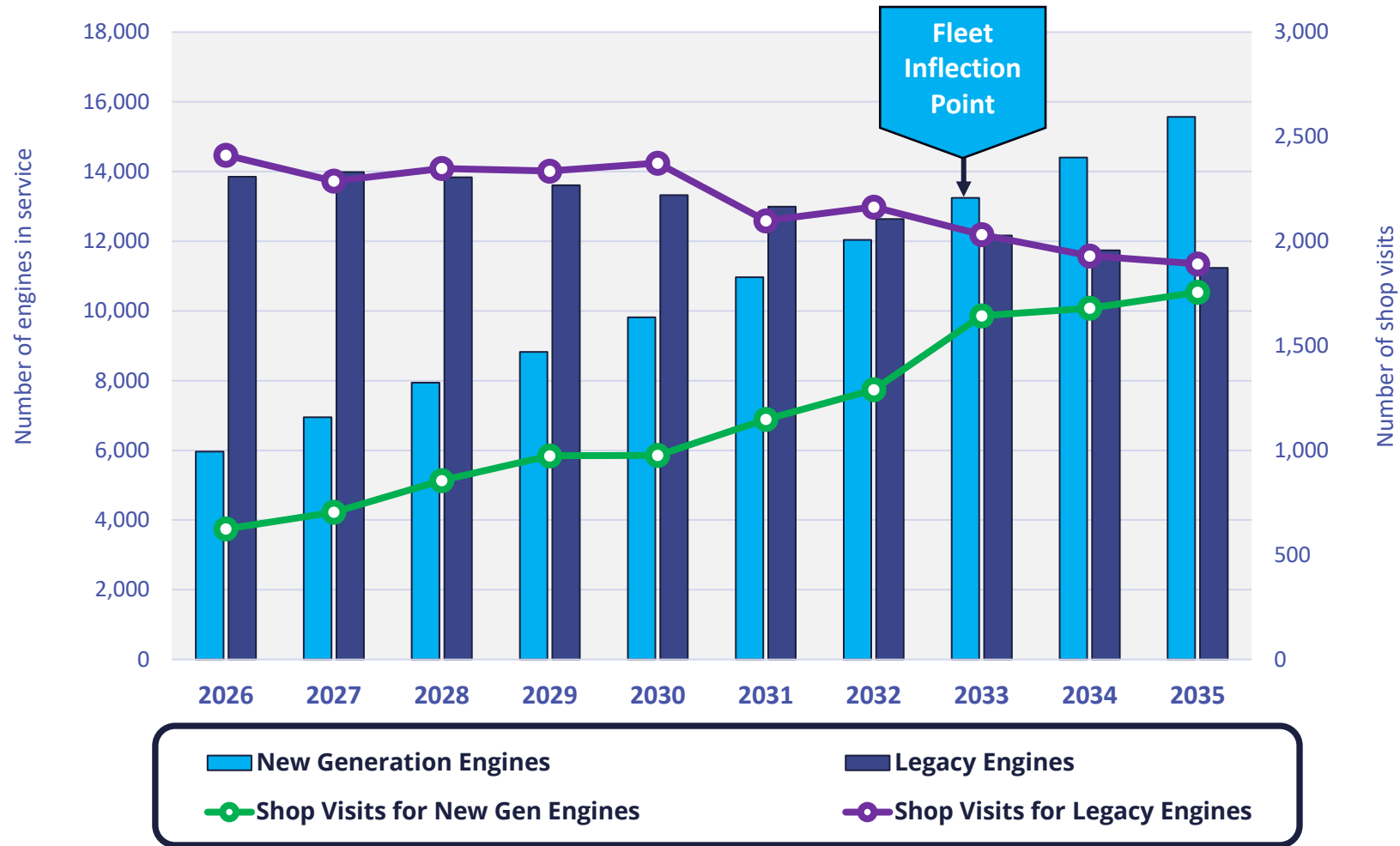
## Revenue per Available Seat Kilometer (RASK)



■ 2019 ■ 2024

# Forecast: Engine Fleet & Overhaul Events in Asia

New generation vs. legacy fleet share & SV event forecast

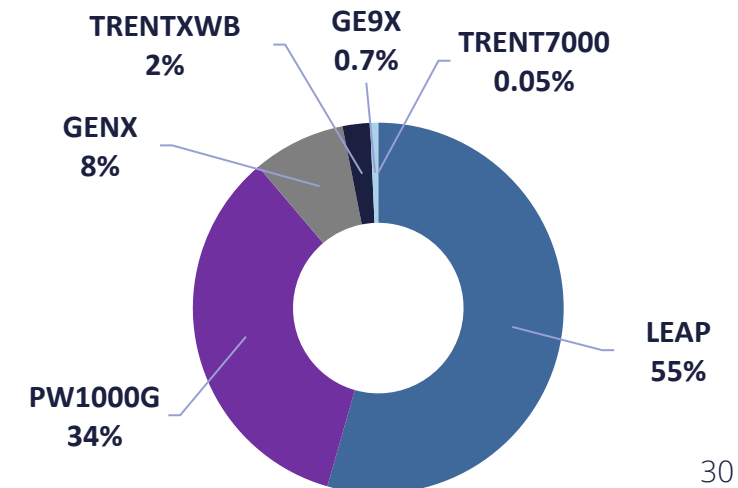


**2033**

New Generation Engines  
Fleet Inflection Year

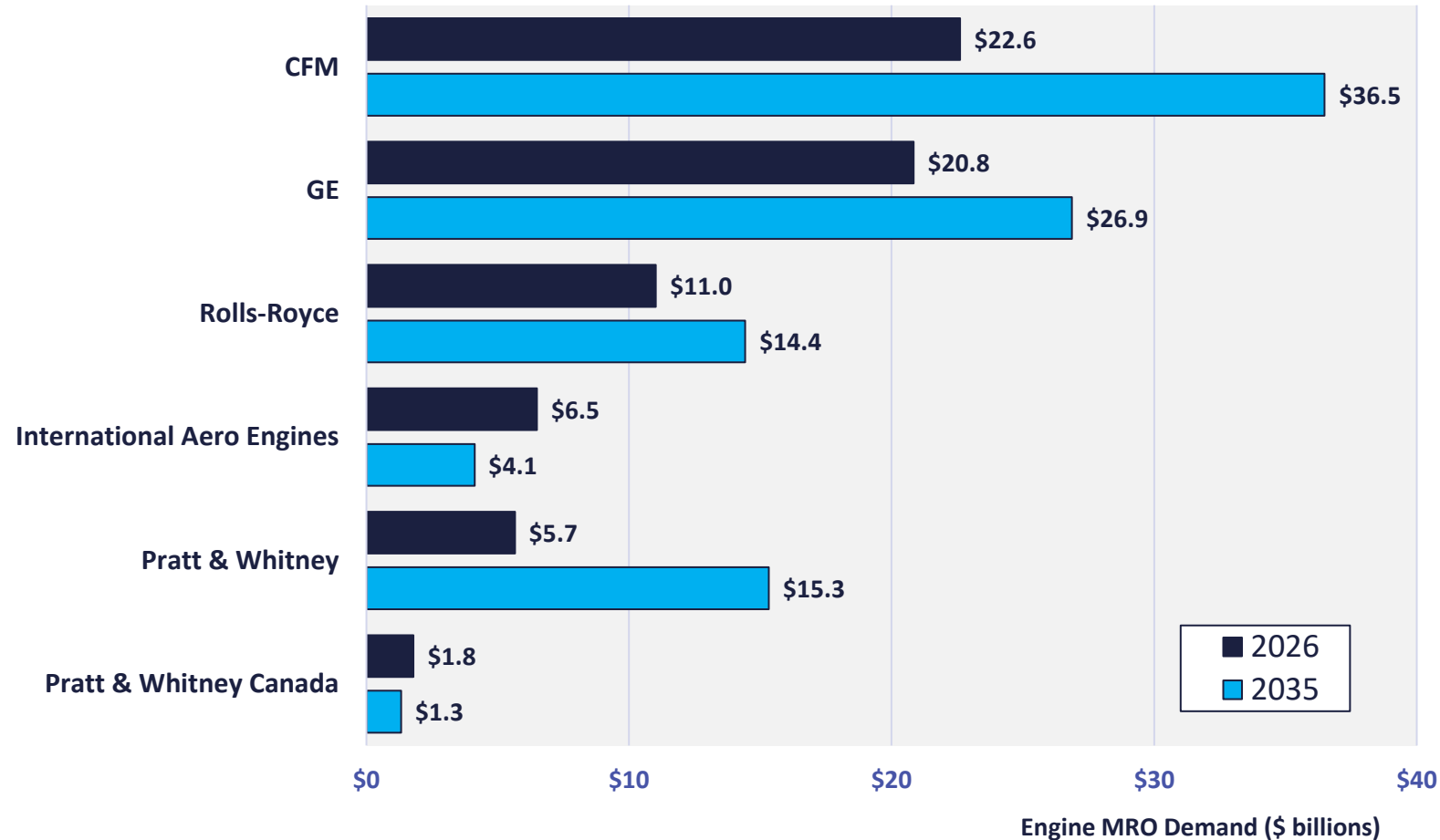
+33,500 Overhaul Events  
Inflection Year??

New Gen Engine Deliveries  
(North America)



# Forecast: Changes to Engine MRO Demand Globally

MRO aftermarket demand for engine manufacturer's commercial engine fleets 2026 vs. 2035

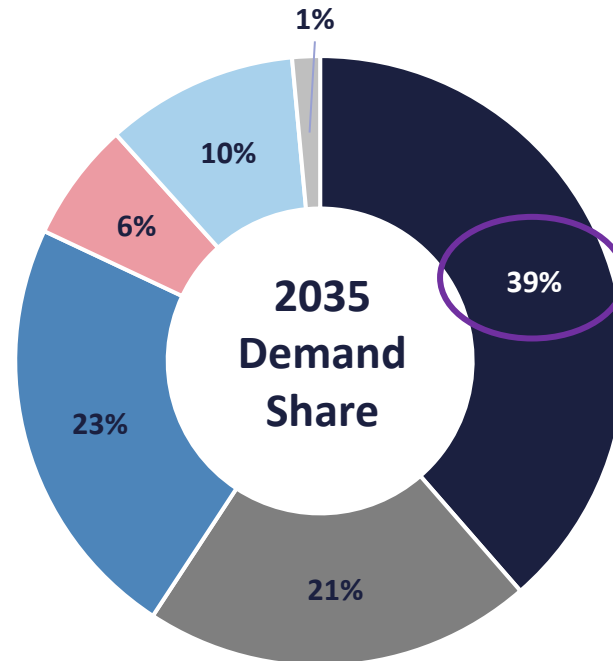
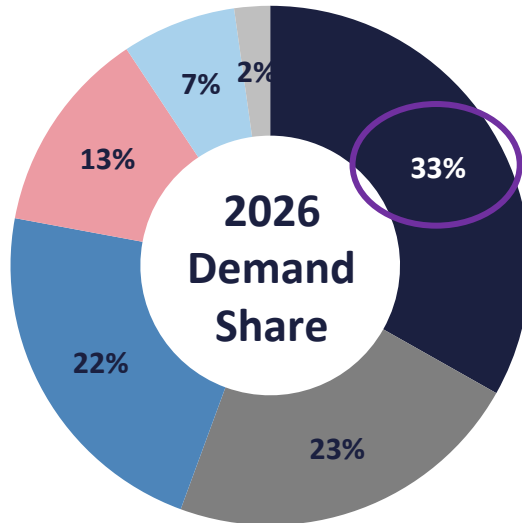
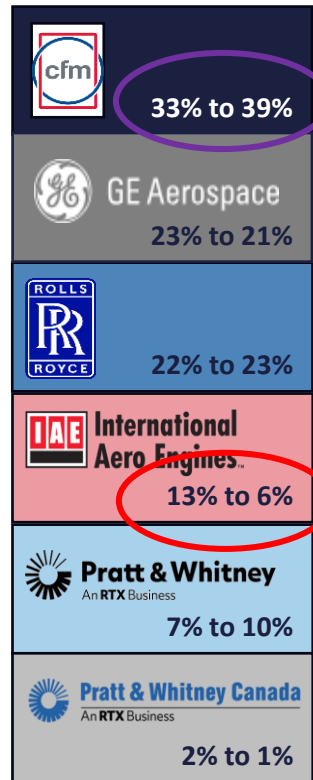


## Trend Highlights

- Engine manufacturers grow aftermarket to \$98.6 billion annually by 2035.
- Pratt & Whitney, engine MRO growth leader, grows 171%, up \$9.7 billion by 2035.
- CFM sees 37% at the end of the decade, growing from \$22.6 to \$36.5 billion.
- GE capture a 27% share by 2035, increasing \$6.0 billion annually.
- Rolls Royce sees 31% gain.
- IAE loses 37% of annual demand (V2500).

# Forecast: Engine MRO Demand – Asia Pacific and China

MRO aftermarket demand share for engine manufacturer's commercial engine fleets 2026 vs. 2035



## Trend Highlights

- \$30 billion annual regional market by 2035, increases over 23% from this year.
- Asia Pacific aftermarket grows \$5.6 billion annually by 2035.
- Pratt & Whitney grows 76%, up \$1.3 billion by 2035, regional growth leader, but not as dramatic globally.
- CFM grows to 39% share by the end of the decade, growing from \$8.1 to \$11.6 billion.
- Rolls-Royce engines increase \$1.4 billion annually and share grows to 25% by 2035.

# MRO Demand Share & Comparisons, 2026 vs. 2019

2025 v. 2019 Aviation Week Forecasts; MRO demand share for Asia Pacific and China

## Asia Analysis

**MRO Demand: +124%**

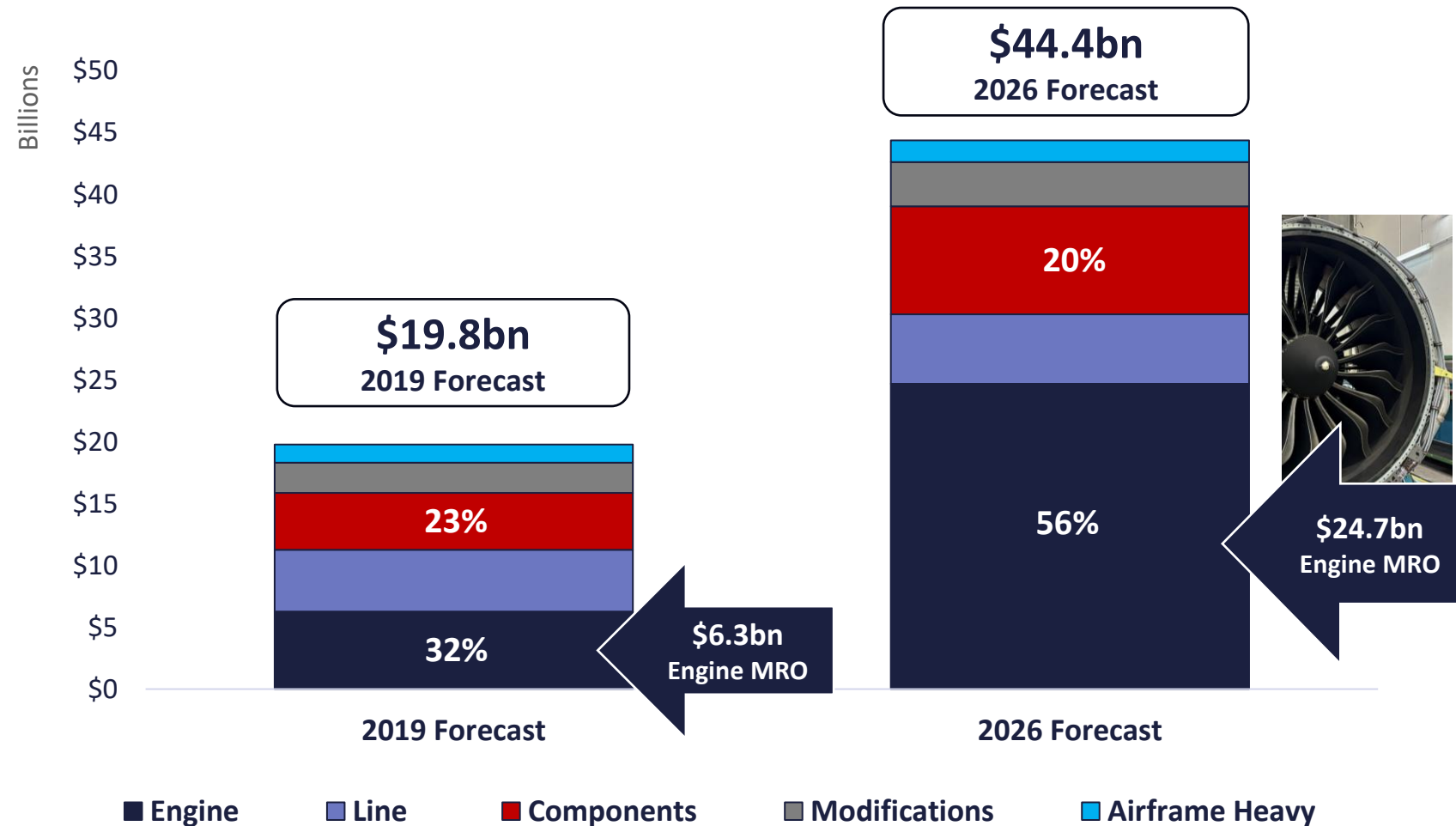
**vs. Fleet Change: +6%**

**US\$ Inflation (2019-25): 28%**

**Engine MRO now 56% of MRO demand for 2026.**

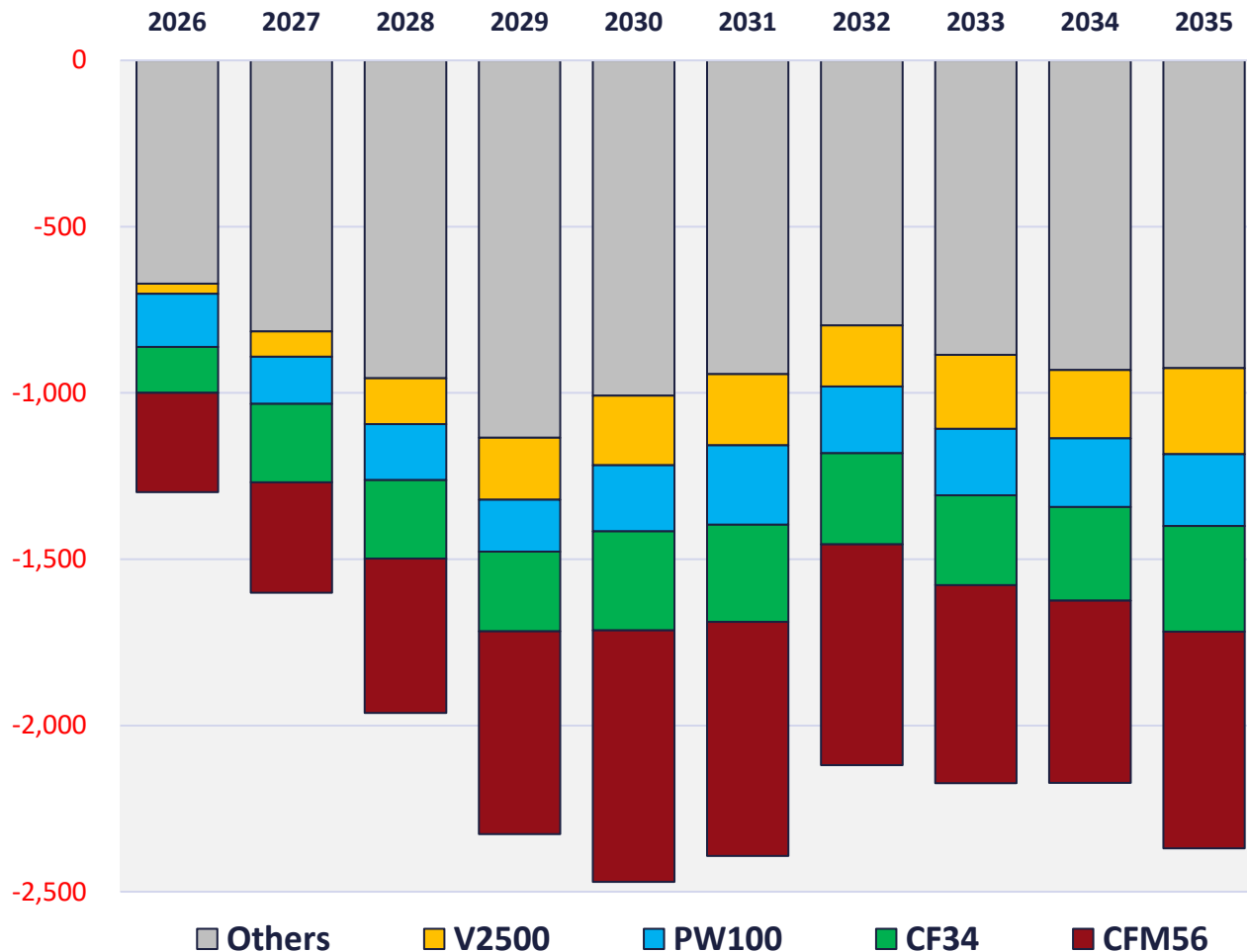
**\$24.7 billion engine MRO expected in 2026 (LLPs + O/Hs) vs. \$6.3 billion in 2019.**

**Drivers:** old engines, new tech, CLP, shortages of USM, labor...



# Forecast: Top Commercial Engines Coming to You Soon?

Engines worldwide associated with retiring aircraft: available as **green time spares** or USM?



Used spare parts/**green time** engines may depress pricing OEM/USM parts, and leases of popular legacy types.

- Topping the list: 5,600 CFM56 and 2,500 CF34 powerplants.
- Deferred maintenance may delay or accelerate a/c retirements.
- Future: downward pressure on the price of legacy spares, leases, shop visits, & USM... When?

## CFM56



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